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Mind Your Own Business

THE CASE FOR MUNICIPAL MANAGEMENT.

By R. B. SUTHERS.

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MIND YOUR OWN BUSINESS:

The Case for Municipal Management.

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BY

R. B. SUTHERS

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PREFACE.

The object of the following pages is to reply to the arguments commonly used against municipal trading. The case for municipalisation is, of course, stated incidentally, but no attempt has been made to cover the whole ground. It would be a mistake for the reader to suppose that all that can be said in favour of municipalisation is contained herein.

A few of the chapters have already been published in pamphlet form under the title "Does Municipal Management Pay?" but all have been revised, and some considerably extended.

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Mind Your Own Business:

Municipal Stepping Stones.

THE CITIZEN AND THE COUNCIL.

To the Man in the Street.

IF you have a few minutes to spare, I should like to talk to you about a very important matter which concerns you closely.

You know what Municipal Government is. You know what County Councils, Town Councils, District Councils, and Parish Councils are. You know that they are local governing bodies whose duty it is to provide and manage certain services necessary for public health and convenience.

You know these things, but I fear that many of you have but a dim idea of the range and importance of those services. I am afraid that many of you think that a local government council is something apart from the people, something in authority which can have little interest for you personally. This is a great mistake.

The Municipality is all the Citizens.

"The municipality," says Mr. Lawrence Gomme, in *Good Citizenship*, "is the whole body of citizens belonging to the town or city, not, as is too

frequently imagined and stated, the Council elected by the citizens to conduct their affairs. The area is the borough area, not the area of the Council; the property is the borough property, not that of the Borough Council; the executive officers are borough servants, not servants of the Council."

Not the Councillors.

Not the Town Councillors, but *all* the citizens are the municipality.

It is *all* the citizens who provide the municipal services. It is *all* the citizens who provide the water supply. It is *all* the citizens who provide and maintain the roads and streets. It is *all* the citizens who own the municipal property, the public buildings, parks, libraries, schools, docks, and bridges. And it is *all* the citizens who pay for these services.

The councillors are merely the representatives of the citizens, elected by them to carry out their desires.

Every citizen pays rates. If you do not pay rates directly to the council, you pay them in rent to your landlord, who passes on to the Council a portion of the rent he receives from you.

Every Citizen is a Landlord, a Capitalist, and an Employer.

You, then, as a member of a municipality, are an owner of property. Whether you get 20s. a week, or £20 a day, you, as a citizen, are a landlord, a capitalist, and an employer of labour.

As such, you have certain duties and responsibilities, and as a partner in the municipal firm you have certain rights and benefits.

Do you ever realise how large a part of our lives is ministered to by municipal service?

Think, for instance, of the citizen of Glasgow, who is generally considered to be the richest in municipal institutions in the Kingdom.

Extent of Municipal Environment.

A citizen of Glasgow may live in a municipal house. He may walk along the municipal street, or ride on the municipal tramcar, and watch the municipal dust-cart collecting the refuse, which is used to fertilise the municipal farm. Then he may turn into the municipal market, buy a steak from an animal killed in the municipal slaughter-house, and cook it by municipal gas on a municipal gas stove. For his recreation he has the choice of municipal libraries, municipal art galleries, and municipal music in the municipal parks. Should he fall ill he can ring up his doctor through the municipal telephone, or he may be taken to the municipal hospital on the municipal ambulance by a municipal policeman. Should he be so unfortunate as to get on fire, he will be put out by a municipal fireman using municipal water, after which he will perhaps forego the enjoyment of a municipal bath, though he may find it necessary to buy a new suit in the municipal old clothes market.

In the midst of all this municipal happiness he will probably fall down dead with astonishment when he learns that Glasgow has no municipal cemetery.

What is true of Glasgow is more or less true of all our municipalities. Some localities have developed municipal life in one direction, some in another. Probably no two municipalities have developed along exactly the same lines.

Growth of Municipalisation.

You may get some idea of the extent and growth of these institutions by comparing the amount of capital invested in municipal undertakings in 1875 and in 1900. In the first year the sum was 93 millions, in the last nearly 300 millions. In 1904 the total had reached over 400 millions.

General Statistics.

In the United Kingdom there are 1,050 municipal waterworks, 260 municipal gasworks, 162 municipal tramways, 334 municipal electricity works, numerous municipal docks, piers and harbours, and markets, and hundreds of municipal parks and open spaces, libraries, museums, and schools.

Besides the municipal institutions and services common to most towns, you will find that individual municipalities have undertaken services of a most varied character.

Individual Developments

Manchester Corporation, that is, all the citizens of Manchester, are large shareholders in the Manchester Ship Canal, Liverpool and Glasgow provide municipal lectures, Battersea has a municipal young men's club, many towns provide municipal concerts, Torquay owns a rabbit warren and makes a profit on it, Colchester owns an oyster fishery, St. Helens and several other towns have sterilised milk depôts, Hull manages a crematorium, Doncaster owns a racecourse, Bournemouth provides golf links for visitors, Harrogate fireworks; West Ham runs a paving-stone factory, Bradford owns an hotel; scores of municipalities own property of various kinds, while some of them run works departments and directly employ thousands of workers.

Municipal Rabbits.

You must admit, then, that municipalisation has its roots planted firmly in the life of the people. So healthy is the tree to-day that new branches are being sent out in every direction, and there seems to be every prospect of its beneficent influence spreading much further than our forefathers could have anticipated.

Municipal Habits Now.

The revival of the municipal spirit which has inspired all these undertakings has been most noticeable during the last quarter of a century. The massing of our population in large towns compelled our rulers to grapple with the problems of sanitation, building improvement, lighting, and locomotion, which inevitably arise where people are gathered together in large numbers.

And a Century ago.

Try to imagine the horrible condition of towns a hundred years ago, when the gutters ran with filth, when there were no paved streets, when sewerage was a dream, and when there were no public lighting, no refuse collection, no parks or playgrounds, no police, no wide thoroughfares, no baths, libraries, or art galleries, no pure water, no cheap gas, no trams ; then ask yourself whether there is any of the work done under municipal management which you would like undone ? Or whether you would not prefer to see an extension of the principle ?

Municipal Extension a Vital Question.

Now, the question of the extension of municipal "trading" is one of the most important and vital questions of the day, and, as I said at first, it concerns you closely.

During the last few years a dead set against

municipal "trading" has been made by a certain section of the public.

The object of these people is to limit or curtail the powers of local governing bodies.

Powerful Opposition.

So powerful is their influence that, in 1900, they were strong enough to induce the Government to appoint a Joint Committee to inquire into the matter.

The Committee took some evidence, but did not complete their investigation and issued no report.

In 1903 another Committee was appointed, but as they had not sufficient time to go fully into the question, they confined themselves to an inquiry into the methods of municipal account keeping, and issued a report thereon.

Parliamentary Inquiries.

Thus, so far as Parliament was concerned, the matter was shelved. But the agitators have not ceased their attempts to poison the public mind against municipal trading. The Press has been flooded with free articles and letters showing that municipal trading and debt are ruining the country. Municipal "extravagance," municipal "corruption," and municipal "losses" have been dinned into the public ear at every opportunity. Every rise in rates, every application for a municipal loan, every reduction in railway dividends has been made the occasion for an onslaught on municipal trading. To its evil effects all kinds of disasters have been attributed, from the depression in trade to the failure of the "Shamrock" to capture the America Cup.

Who the Opponents are.

Chambers of Commerce, Traders' Associations, Property Owners' Associations, Ratepayers' Asso-

ciations, company promoters, railway directors, bankers, and *The Daily Mail*—all have joined in the howls of execration and despair.

Eminent public men have lent their names and influence to the agitators. Money has been lavishly expended in the effort to warn the public of the folly of municipal trading.

With what result ?

Instead of weakening the confidence of the public, the campaign has strengthened their belief in the advantages of municipal trading.

Judged by the amount of capital invested, progress since the agitation began has been much more rapid than at any previous period.

Municipalisation Strengthened by Opposition.

But the opposition is not dead, and never will be dead so long as it is possible for a few private individuals to make profits at the expense of the community.

The question for you is : " Is municipal management a good thing or a bad thing ? " If it is a good thing, I presume that you would be in favour of extending its scope. If it is a bad thing, it ought to be limited, if not curtailed.

It behoves you, then, to examine the subject carefully. The opponents of municipal management say it is a bad thing, and if persisted in will ruin the country. The only way of proving the truth of their assertion is to study the facts.

The Question at Issue.

So, if you will spare me a little of your time, I propose to put before you the facts and arguments used by the opponents of municipal trading, and against them I will place the facts as to the working of municipal trading undertakings.

You will then, I hope, be able to judge on which side your vote and influence should be cast.

THE PRINCIPLE OF MUNICIPAL TRADING.

What is Municipal Trading?

FIRST, it will perhaps be useful to get a clear idea of what is meant by municipal trading.

You know what private trading is. What are the objects of a private trader?

First, to make a living. Second, to get riches. That is to say, he goes into business from a selfish motive.

In pursuing these objects the private trader benefits the public to some extent. But the benefit of the community is not his ruling motive. This result is only incidental.

Now, in the case of municipal trading the benefit of the public *is* the ruling motive.

The difference is enormous, and it is important that you should keep it in mind when considering the arguments for and against municipal trading.

What is Private Trading?

Take the case of the builder. Does the private builder build houses in order to provide people with healthy and convenient homes?

No. He builds houses in order to make profits for himself. It is the same with the coal-owner, the butcher, the baker, the draper, and every other private trader.

Private Trade—Private Profits.

It is true that some people are supplied with decent houses by private builders; but an enormous number live in unhealthy and inconvenient houses, and some have no dwellings at all.

The private trader always pursues profits. That is why he is such a dreadful failure.

Municipal Trade—Public Welfare.

The motive of municipal trading, on the contrary, is public welfare. The benefit of all the citizens. That is why it is such a tremendous success.

It is important to grasp the fact that the two methods cannot be compared on the same basis. The use of the word "trading" in connection with a municipal service is really a mistake; but, under present conditions, it is almost inevitable, and we must make the best of it.

Municipal Water Trading a Co-operative Service.

When a municipality supplies water to all the citizens, no one thinks of profits or losses, or talks of the undertaking as a trading enterprise. Why?

Because everybody realises that the supply of pure water is a necessary public service, just as everyone realises that the Army and Navy are necessary services. We don't talk of the profits or losses on the Army and Navy.

In the case of the Army and Navy, how is their cost met?

The citizens pay the exact sum required in the form of taxes.

In the case of such municipal services as paving, lighting, sewerage, street improvements, parks, libraries, police, and education, the method of raising the expenditure is similar.

Method of Meeting Cost.

The citizens pay the exact cost in the form of rates. No one ever thinks of criticising a Town Council because they make no profits on these services.

Now, when we consider the question of municipal trading in gas, tramways, and electricity, is the principle involved any different ?

Not at all. The provision of gas, trams, and electricity is inspired by just the same motives as inspired the provision of roads, parks, libraries, sewerage, police, and education. That is to say, the benefit of all the citizens.

Municipal Gas, Trams, and Electricity no Different in Principle.

They differ from the other services, not in principle, but in the methods by which their cost is collected from the citizens.

The day may come when municipal trams and municipal light will be just as free as municipal streets and municipal libraries. That is to say, a rate will be levied on the citizens for their upkeep, and everyone will be free to use them as required.

Free Trams.

We shall find that it will pay better to make them free, just as it paid to abolish toll-bars on the roads.

But until this time arrives it is convenient to make charges for these services. We could not, for instance, make municipal trams free unless the municipality undertook to provide all the passenger traffic—cabs, 'buses, and trams. Nor electric light, while there are private gas companies supplying the same district, although we have made education in public schools free, notwithstanding the existence of private schools.

If, then, charges must be made for these services, does not this imply making profit or loss ?

How Profits Arise.

It is clear that if the money received for tram fares exceeds the cost of running the system, there will be a cash profit. Municipal management will "pay."

If, on the other hand, the revenue is less than the expenditure, the accounts will show a cash loss. Municipal management will by its opponents be called a failure.

Now, remembering that the object of municipal trading is the benefit of all the citizens, let us see how the question of cash profits and losses affects the principle.

When cash profits are made by a municipal tramway system, what becomes of them ?

Who Gets the Profits.

Generally they are used to reduce the rates. That is to say, they go back into the pockets of the citizens.

In the case of cash losses, the deficit is met by levying a rate on all the citizens.

Thus, in the long run, the service is carried on at cost price, just as the Army and Navy and the paving, lighting, and drainage services are provided at cost price.

A citizen of Manchester pays half-a-crown for municipal gas, and the gas department makes a cash profit of £60,000. These profits reduce the rates by 4d. in the pound.

Municipal Services Supplied at Cost.

Thus what the citizen overpays in the form of gas charges is returned to him in the form of reduced rates. He gets his gas practically at cost price.

Cash Profit or Loss only incidental.

The custom of making a charge for these services does not make them " trading " undertakings in the same sense that a private tram, gas, or electric undertaking is a trading enterprise.

In the case of a private trading enterprise, making a charge is the essence of the transaction. In the case of a municipal undertaking, making a charge is simply a matter of convenience.

It is a rough method of administering financial justice; and although it seems to be the same kind of transaction as paying the price charged by a private profit-hunter, it is, in reality, quite different.

Does the private trader ever share his profits with his customers ?

No. But he often makes them pay his losses.

Private Trade must Make Profits.

If you ask, " Does a certain business pay ? " it is generally understood that your question can have only one meaning, and that is : " How much profit in money do the proprietors of the business make ? "

The question to be asked of municipal service, is : " Do they add to the convenience, the healths and the happiness of the whole community ? "

Immediately you understand clearly the difference between private enterprise and municipal trading, you will see that it is impossible to judge of the value of municipal trading by the tests applied to private trading.

Difference Vital.

The Smokeborough Working Man's Happy Home Company, Ltd., may pay a 10 per cent. dividend. The champion of private enterprise would say that was a splendid example of the

advantages of competition, and liberty, and everyone for himself.

The Town Council of Smokeborough may build the same number of houses and make a cash loss of £100 a year. The champion of private enterprise would say that was a striking illustration of the evils of municipal extravagance, incompetence, and corruption.

Cash Profits no Test of Efficiency.

But does any sane person believe that the test of cash profits is a true test of the difference in value of Smokeborough of the two undertakings ?

Notice, the value to Smokeborough. Not the value to a few profit-makers. The value to all the citizens of Smokeborough.

In the case of the Working Man's Happy Home Company, Ltd., all that the shareholders would ask would be : " Do they pay us good dividends ? "

In the case of the houses built by the Town Council, the citizens would ask : " Do they add to the health, the comfort, and the convenience of Smokeborough ? "

Hidden Losses Private Trade

They would ask the Happy Home Company, Ltd. : " What is the death-rate in your houses ? What is the disease-rate ? Are your houses sanitary, airy, and convenient ? Are the rents fair ? "

They would inquire whether any of the tenants came on the rates owing to ill-health caused by poverty due to high rents, or into the hospitals through disease caused by living in insanitary houses ; and they would ask whether the tenants were able to produce wealth and use all their

faculties to their full capacity, or whether living in the happy homes tended to deteriorate them.

They would find generally that in one or more ways the Happy Home Company, Ltd., was making profits at the expense of the tenants and the citizens of Smokeborough.

Hidden Profits of Municipal Service.

They would build municipal houses, and they would gladly pay a cash loss of £100, because they would know that the loss was being repaid over and over again in the increased health and comfort of the tenants, in decreased death and disease rates, in decreased expenditure on Poor Law and hospitals, and in the increased capacity of the citizens for the production of wealth.

So in the case of municipal trams, municipal gas, and municipal water. A Town Council may make a charge for water to each householder, and the revenue received may not be sufficient to carry on the service.

But this does not prove that the municipal water supply is a failure, or that the citizens lose by it. The deficit is made up out of the rates because the Council decide that these combined methods of raising the expenditure are the fairest.

Municipal "Losses" not Impossible.

I do not say that it is impossible for municipal trading undertakings to make real losses. No supporter of municipal trading asserts that municipal trading must pay under all circumstances. An incompetent Town Council is bound to make losses, just as an incompetent private trader is bound to go to the wall.

But, given ordinary intelligence, municipal trading is certain to beat private enterprise,

because private enterprise is handicapped by its narrow ideals of profit.

Balance-sheets Not Everything.

You will now see that it is necessary to know a good deal more than the figures of a balance-sheet before you can tell whether municipal trading " pays " or not.

The argument that municipal trading is a danger because it makes no profits is not relevant. Municipal trading does not seek profits.

And, as it happens, it does make profits.

The argument that municipal trading is unfair because it *does* make profits is also out of court. I have shown that the essence of municipal trading is the provision of a service, and that the making of profits or losses is only one incident of the undertaking.

To the private trader the making of profits or losses is a vital matter. He makes the mistake of thinking the same motives induce a municipality to provide a public service. Whereas the object of a municipal service is not profits, but the welfare of all the citizens.

Private Trader Confuses Municipal with Private Trading.

THE FAILURE OF PRIVATE ENTERPRISE.

Private Enterprise Claims to be Sufficient.

HAVING got a clear idea of the principle of municipal trading or municipal Socialism, we can now consider the arguments of the champions of private enterprise, private monopoly, and competition.

The first great argument is a direct negative. There is no need for municipal trading, it is said, because private enterprise is able to supply all the needs of the community.

What are the needs of the public ?

Let us take the primary needs—food, clothing, fuel, and shelter—and inquire how our private traders have succeeded in supplying these necessaries of a healthy life.

Is it not a fact that a very large proportion of our population have to live on food which when pure is of a poor quality, is often adulterated, and in the case of twelve millions is insufficient for the proper nourishment of the body ?

Is it not a fact that the majority of our people are insufficiently clothed ?

Is it not a fact that the whole nation is robbed by a ring of coal owners, that the poorest people

never have enough coal for warmth, and that they pay higher prices than the rich, through having to buy in small quantities ?

Is it not a fact that the overcrowding of the people, both in towns and villages, is the greatest scandal of the time, and that in London people have been compelled to go to the workhouse or remain in the streets because there were no houses to be rented ?

Claim Denied.

All these things are matters of common knowledge. In the mere necessaries of life competition and private enterprise have miserably failed to supply the needs of the public.

Common Necessaries not Provided.

But the upholders of private enterprise and competition deny that they are responsible for this state of things. "Everyone has had the same chance," they say, and "the poverty of the people is due to natural laws."

They assert that private enterprise is always ready to supply the demand for any commodity.

"If the people want food, fuel, houses, and clothing, we can supply them and do supply them," is their argument. "Therefore there is no necessity for municipal trading."

These astounding statements are made by persons of high reputation, who are not supposed to be either physically or mentally blind.

Even when Demand Exists.

Lord Avebury said, before the Joint Committee on Municipal Trading, "that there really would have been as much done in the way of housing the working classes if the local authorities had done nothing whatever in the matter, and it would have

been done by private enterprise instead of being thrown on the rates."

No Room to Live.

Another witness, Mr. William Shepherd, past-president of the London Master Builders' Association, said municipalities ought not to build houses for the working classes, because "private enterprise will do anything that will pay, and there is no difficulty in getting private traders to do the work."

The private traders say they supply all demands if the people are prepared to pay? Is this true?

Take the provision of houses. In the supply of houses private enterprise has till recently had a perfectly clear field. How have its champions fulfilled their obligation to house the people decently?

The Housing Problem is the answer.

The Census returns show that nearly one-third of the population live in an overcrowded condition.

Overcrowding Facts.

In London nearly one million people are illegally overcrowded, over two hundred thousand are packed in horrible block dwellings, nearly half a million live three persons to a room, and thousands live in still more crowded conditions.

Hundreds of thousands of these people are overcrowded, not because of their poverty, but because there are not enough houses for them to live in. Mr. George Haw says, in *No Room to Live*, "There are people to-day in our workhouses who would come out to-morrow could they get shelter elsewhere. But they cannot, *even at excessive rents*."

Here is a typical illustration of overcrowding. The Rev. W. N. Davies, of Spitalfields, took a census of some of the alleys in his parish. He says :—

London. In one alley there are ten houses—51 rooms, nearly all about 8ft. by 9ft.—and 254 people. In six instances only do two people occupy one room, and in others the numbers varied from three to nine. In another court, with six houses and 22 rooms, there were 84 people—again six, seven, eight, and nine being the number living in one room, in several instances. In one house with eight rooms are 45 people—one room containing nine persons, one eight, two seven, and another six. For these 45 people there is one office. I have had men with their wives and children, and with money in their pockets, come to my door and appeal to me to find them rooms in which to live.

Here is an extract from Mr. B. Seebohm Rowntree's evidence on the housing conditions of York :—

York. Whilst about 12 per cent. of the working-class population in York are living in comfortable and sanitary houses, the housing conditions of many of the remaining 88 per cent. leave much to be desired. Sixty-four per cent. of the houses in York have not more than two bedrooms.

York is a small provincial town in which there is plenty of vacant land. "The cost of building," says Mr. Rowntree, "is lower than in many towns." Yet the champions of private enterprise have failed to house decently a large proportion of the inhabitants.

Rural Districts. The state of things in many rural districts is quite as bad. Hundreds of thousands of the agricultural population have emigrated to the towns during the last half-century, and one of the chief reasons for the migration has been the lack of cottages.

There is, then, a demand for houses, and people are ready to pay for them. Why have the private traders not supplied all the needs of the people ?

FAILURE OF PRIVATE ENTERPRISE.

In recent years the municipalities have been awakened to the necessity of coping with the evil, but they have not attempted to *solve* the problem of housing, because public opinion is not yet thoroughly alive to the danger to national health of the continuance of such conditions.

Why has Private Enterprise Failed?

The champions of private enterprise put all kinds of hindrances in the way of municipal trading in houses. They have had no obstacles in their own path, yet in one of the most important necessaries of life they have utterly failed to supply all the needs of the people.

Next let us consider three services which in a civilised community of to-day are as necessary to a healthy life as the four already mentioned. These are pure water, light, and means of locomotion.

Also in Water, Light, and Locomotion.

Has private enterprise supplied these services efficiently and sufficiently? Are all our towns and villages well supplied with water, with gas and electricity, with cheap and adequate tramway services?

Everyone knows that the answer to these questions is "No."

The fact is, that in nearly every case where the municipality has undertaken the provision of water, baths, gas, and trams, they have done so because the private enterprise service was bad, inefficient, and dear.

The supply of water has been municipalised more than any other service.

Insufficient Private Water Supply.

Even the champions of private enterprise and competition have been compelled to recognise

that a plentiful and pure supply of water is absolutely necessary for the health of the people. But until last year there existed at least one flagrant instance of the incompetence of private enterprise to provide an adequate supply of this necessity.

London

Early in the last century the eight London water companies were competing with one another, and the consumer got water at a reasonable price. But the champions of free competition discovered that they could fleece the people better by combining to keep prices up.

The result was that the London water consumer paid an exorbitant and increasing price for his water, whether he got any or not. In some districts the price per head was twice the amount charged in provincial towns with a municipal supply.

High Prices and Water Famines.

Not only were the charges high, but the water was often impure, and in three recent years untold misery was caused in the East End because of the short supply of water—in 1895 for 85 days, in 1896 for 64 days, and in 1898 for 114 days.

The efforts of London to obtain control of its water supply were prevented for years by the champions of private enterprise in the House of Commons.

Cost of Freedom.

But at length even London was granted the powers possessed by most provincial towns. The citizens were permitted to buy out the water companies at an enormous cost, and now the water of London is under the control of the Metropolitan Water Board.

Thus in the largest city in the Empire, containing in its water boundaries one-eighth of the population of the United Kingdom, private enterprise failed to supply the needs of the public in one of the most important necessaries of life.

* * * * *

Municipal Gas Statistics.

Although a large number of private traders object to municipalities supplying gas, municipalisation of that service has grown apace during recent years. There are two hundred and sixty municipal gas undertakings, with 2,045,777 customers, but there are still four hundred and fifty-nine authorised private companies with 2,385,348 customers, chiefly in the smaller districts.

London, however, is in the hands of private companies, and again furnishes an example of private enterprise incompetence.

As the illuminating power of the gas is fixed by Parliament, the companies are compelled to keep up the standard. The citizens' chief cause of complaint is the high prices charged.

London in the Toils Again.

A cheap supply of gas for light and power is of the highest importance, but being in the grip of monopolists London gas consumers are bled to find profits for a few shareholders, and the industries of the Metropolis are considerably hampered.

North of the Thames consumers have to pay 9d. a thousand feet more than those on the south, simply because Parliament gave the private company the power to make this charge twenty years ago. If the supply had been municipalised fifty

years ago, like that of Manchester, the price would be nearly half that paid to the private company.

Loses a Million a Year.

The gas consumers of London lose a couple of millions a year because they permitted this monopoly to grow up.

It has been proved that municipalities can and do supply better gas at lower prices than private traders. Here, then, is another instance in which private enterprise has failed to supply the needs of the public.

* * * * *

Municipal Tram Statistics.

Municipalities were not allowed to work tramways until 1896. Previous to that time they were permitted to own the tramlines, but with one or two special exceptions they were compelled to lease them to private companies.

With all the advantages given to them by Parliament, the private companies did not supply even the large towns with an efficient service.

For instance, at Liverpool the private company persisted in retaining horse trams, they charged high fares, and did not give an efficient service, so that the public became greatly dissatisfied.

Failure of Private Enterprise.

The same thing occurred at Manchester, where the private company made enormous profits. For years the lowest fare was 2d., a striking instance of private enterprise bad management. As soon as the fares were reduced, owing to a public agitation, the returns largely increased. Thus it was proved that the company had not met a demand which existed, and which they ought to have foreseen.

London once More.

London also has been badly served by private tram companies. Instead of being equipped with 1,000 miles of tramways, London contains only 115 miles. When the London County Council came into existence there were thirteen companies at work in different districts. They had constructed their lines regardless of public convenience. All they looked for was dividends.

That their services were dear and inefficient has been amply proved by the extraordinary growth of the traffic in the forty miles now worked by the County Council, whose efforts to further improve and increase the tramway services have been consistently thwarted by the champions of private enterprise.

All over the country, since 1896, there has been a tremendous increase in tramway traffic. This has been entirely due to municipal action. Private enterprise has once more failed to supply all the needs of the public.

* * * * *

Ridiculous Claim of Private Enterprise.

Accepting, then, the conditions laid down by the private trader himself, that he is always ready to supply a commodity if the people are willing to pay, we find that there is no foundation for the claim.

On the contrary, we find that private enterprise has completely failed to supply several of the most pressing needs of the community. It would be easy to bring forward many similar examples of its incompetence, but these illustrations will be sufficient for our purpose.

THE SUCCESS OF MUNICIPAL TRADING.

THE champions of private enterprise expend a good deal of energy in explaining to the public that municipal management does not pay. As Lord Avebury puts it, municipal trading will "probably or certainly" lead to "loss or bad service."

Lord Avebury's Vague Prophecies of Municipal Loss.

Now, when a private trader talks about a business paying, he means only one thing. He thinks only of the dividends received by the trader.

But, as I have shown, this test is much too narrow to apply to a municipal service.

Lord Avebury, when putting the arguments against municipal trading in trams, gas, and electricity, before the Joint Committee, said :—

> I think, as a general rule, a municipality is wiser not to undertake the lighting. I might, perhaps, refer to the very high authority of the late Attorney-General, Sir Richard Webster, who said : "Whatever might be said as to the profit made out of undertakings such as gas or tramways worked by Corporations, his belief was that if the matter was threshed out, it would be found that the burden on the ordinary ratepayer was less where no such risks were undertaken."

Here we have one very high authority, Lord Avebury, knowing nothing about the subject

His "Authority"!

himself, relying on another very high authority, the late Attorney-General, Sir Richard Webster.

The Lord Chief Justice's "Belief."

The average person would naturally expect that Sir Richard's belief was founded on facts, that Sir Richard was an authority on the subject, and that Lord Avebury quoted him because he knew Sir Richard *was* an authority.

I happen to have by me the speech of Sir Richard Webster from which Lord Avebury quoted. What Sir Richard did say was as follows :—

> His belief was that if the matter were threshed out it would be found that the burden on the ordinary ratepayer was less where no such risks were undertaken.

Why did he Stop?

That is where Lord Avebury stopped. Then Sir Richard went on :—

> Of course, he did not pretend to lay that down as a fact from personal knowledge.

Of course he didn't. He couldn't. Because all the facts point the other way.

The above is a fair sample of the arguments brought by the leading champions of private enterprise to prove the failure of municipal management. Their very high authority is a man who admits that he knows nothing about the facts.

As a matter of fact, municipal trading does "pay," even in the limited sense understood by the private traders. Many municipalities do make "profits," and as people are still impressed by a balance-sheet which shows a profit, it is useful to be able to produce such figures from municipal undertakings.

Let us study a few statistics.

SUCCESS OF MUNICIPAL TRADING.

Official Statistics.

A Parliamentary return issued in 1903 gives particulars of the most important undertakings of the municipal boroughs of England and Wales.

This return gives a fair idea of the magnitude of municipal enterprise, and conclusively disproves the argument that municipal management does not " pay " in the commercial sense.

Success of Municipal Trading in Figures.

The undertakings referred to are :—

Waterworks,	Baths and Wash-houses,
Gasworks,	Burial Grounds,
Electricity,	Working-class Dwellings,
Tramways,	Harbours, Piers,
Markets,	&c., &c.

In these services the total capital invested was £121,172,372.

The average annual income (for four years) was £13,040,711.

The average annual working expenses (four years) were £8,228,706.

Annual Profits Nearly Five Millions.

Leaving an average annual net profit of £4,812,005.

Of these profits £1,264,544 was used to pay interest to the stockholders, while £2,975,906 was paid into sinking funds which are used to repay the capital borrowed.

The Share of all the Citizens.

Of the total capital £16,246,519 had already been paid back in this way.

Compare this result with private enterprise. What would happen if the 121 millions were owned by a few individuals ?

First, the charges for the services would be higher ; second, the services would not be so

efficient; third, the interest or dividends would go into the pockets of a small section of the public.

Under Private Enterprise would Benefit the Few.

Under municipal management the services are cheaper and more efficient than under private enterprise, and a profit of nearly 4 per cent. on the capital is made. But instead of going into the pockets of a few people, the profits are used to pay back the borrowed capital.

Under municipal management the 121 millions will in a few years be repaid. The waterworks, gasworks, tramways, markets, houses, piers, &c., will then belong to all the citizens, and having no interest or sinking fund to provide, they will be able to make the services still cheaper.

* * * * *

1,050 Municipal Waterworks.

It is indeed a remarkable thing, that if municipal management is not an advantage to the public, none of the 1,050 municipalities who own their waterworks should apply to private enterprise to be relieved of the burden.

The bitterest opponent of municipal trading admits that it is wise to provide a sufficient supply of pure water, even if there is a charge on the rates for it.

So in many instances the municipalities are not concerned to show a cash profit. The benefits of a municipal supply are shown in the better health of the citizens, and in the abundant facilities for getting water for domestic and business purposes.

Cash Profits.

But we are dealing with cash profits, and there are some notable instances where municipal control of the water supply has resulted in cash

profits which would make a private trader envious.

There are two ways in which municipalities deal with cash profits. Some reduce the charges for the service, others use the profits to reduce the general rates.

In Glasgow they devote all profits to making the services cheaper and to paying back borrowed capital.

Glasgow's Cheap Water—Municipal.

Thus, since the Glasgow Corporation took over the control of the water supply fifty years ago, they have reduced the price of water from 1s. 2d. in the £ rental to 5d. in the £ rental for domestic supply.

Compare that with the price paid by the London consumer under private enterprise.

On a £30 house in Glasgow the water rate amounts to 12s. 6d.

London's Dear Water—Private.

On a £30 house in Chelsea the water rate amounts to 30s.

On a £30 house in Lambeth the water rate is £2. 16s.

On a £30 house in Southwark the water rate is 32s.

The London consumer paid from two to five times as much as the Glasgow consumer. He did not get so much water, he did not get as good water, and a large part of the charges he paid went into the pockets of the water lords, who took over a million pounds a year in profits.

In Glasgow a part of the 5d. in the £ goes towards paying off the capital borrowed to provide the

waterworks. Over a million pounds, one-third of the capital, has thus been paid back.

Municipal Pure and Cheap.

Does municipal management pay? Look at Liverpool. The private companies failed to provide an adequate supply, so the municipality took the service in hand. What is the result?

Liverpool.

The charge for water in Liverpool is 6d. in the £ on the rateable value.

For this small charge the citizen of Liverpool, as Sir Thomas Hughes said, "can have as many baths and as many conveniences as he likes, and the same with regard to water for his garden."

In London the private water companies charged high prices for every separate bath and convenience.

Manchester.

The water rate in Manchester is 8d. in the £; in Southampton, where there has been a municipal supply since 1420, 6d. in the £; at Hull, another old-established municipal firm dating from 1447, the rate is 15s. a year on a £20 rental, and there is a cash profit of ten to fifteen thousand a year.

Bolton.

Last year Bolton made £10,000 cash profits from the municipal waterworks; Birkenhead, £3,000; Carlisle, £6,350; Darlington, £6,300; Leeds, £15,000; Oxford, £5,715.

These few examples are clear proof of the benefits of a municipal water supply, merely from the commercial point of view.

Though the chief object of municipalities in supplying water is not profit, but the welfare of the citizens, the Parliamentary return mentioned above shows that the 193 waterworks controlled

by the municipal boroughs made cash profits of 4 per cent. on the capital invested.

Does municipal management pay ?

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Municipal Gas Statistics.

Now let us look at municipal gas. I find from the last Parliamentary return (1903-4) that there are 260 municipal gas undertakings in the United Kingdom.

The capital invested is	£37,103,279
Of this there has been repaid.....	£13,992,360
The income for the year is.....	£9,819,685
The expenditure for the year is	£7,182,008
The gross profit is.....	£2,637,677

Thus an average cash profit of 7 per cent. was made by these municipal gas undertakings, only six out of the 260 showing cash "losses."

Does municipal management pay ?

Profits LARGER than those of Private Companies.

From another Parliamentary return I gather that the 459 authorised private gas undertakings made a profit of four and a half millions on a capital of nearly eighty-one millions. That is equal to 5½ per cent., or 1½ *per cent. less than the profit made under municipal management.*

Not only did the private companies earn less profit than the municipal undertakings; they had to charge higher prices in order to make the smaller percentage.

The average price of the private company gas is 2s. 11¼d. per 1,000 feet.

But Prices LESS.

The average price of municipal gas is 2s. 8d. per 1,000 feet—threepence farthing less.

If the municipalities had charged the same price as the private companies, they would have shown a profit equal to 9¼ per cent.

Does municipal management pay?

Isn't it time we municipalised those 459 private gas companies? Then, instead of going into the pockets of a few shareholders, those four and a half millions would be added to the profits of two and a half millions which now go into the pockets of *all the citizens.*

After paying interest on capital and a large sum in repayment of capital, there was a net municipal cash profit of £967,194.

How Profits Reduce Rates.

A good deal of this was used to reduce the general rates. For example :—

Town.	Grant to Rates.	Equal to
Manchester	£70,000	5d. in the £
Leicester	38,066	10¾d. ,,
Leeds	28,740	3⅝d. ,,
Salford	27,540	7d. ,,
Bolton	20,000	6⅛d. ,,
Blackpool	18,022	10½d. ,,
Wigan	15,022	19½d. ,,
Rochdale	13,000	8½d. ,,
Wallasey	10,732	7½d. ,,
Warrington	10,330	10½d. ,,
Burnley	9,000	6½d. ,,
Darlington	8,500	11d. ,,
Oldham	8,497	4½d. ,,
Stockton	7,699	9⅝d. ,,

Borrowed Capital Paid Back.

As in the case of water, all these towns are not only paying lower prices for gas than a private company would charge, but they are wiping out the capital account. After a certain number of years all the capital will be paid back, and there will be so much more cash profit to reduce the rates or reduce the charges for gas.

Here is an instructive illustration from Manchester and Liverpool—two cities, as regards natural advantages for the production of gas, practically on a level.

Manchester has a municipal gas supply. In Liverpool a private company owns the gasworks. Manchester and Liverpool Gas Compared.

The following figures relate to the year 1897, and were prepared by the superintendent of the Manchester Gas Department.

The capital of the municipality was £1,833,852. The capital of the company was £1,918,011.

The illuminating power of the gas was a fraction in favour of Liverpool: Manchester 19·16 candle-power, Liverpool 20·50 candle-power.

The net cost of production of gas in Liverpool was 2s. 1d.

The net cost of production of gas in Manchester was 1s. 9d.

The price of gas in Liverpool was 2s. 9d. Liverpool, Private Company, 2/9.

The price of gas in Manchester was 2s. 3d. Manchester, Municipal, 2/3.

The gross profit per 1,000ft. in Liverpool was 8½d.

The gross profit per 1,000ft. in Manchester was 7½d.

Of these profits, Liverpool paid 8½d. per 1,000 into the shareholders' pockets.

Manchester paid 3d. per 1,000ft. in interest and sinking fund.

Fourpence per 1,000ft. went to reduce the rates.

Thus we find that Manchester produced gas at less cost, sold at a lower price, and returned half the profits to all the citizens. Half Manchester Profits to the Citizens.

The citizens of Liverpool paid nearly 25 per cent. more for their gas, and got nothing back in relief of rates. All Liverpool Profits to a few Shareholders.

Moreover, the citizens of Liverpool had to pay 8d. a quarter for hire of meter.

In Manchester there was no charge.

In Liverpool a deposit of 15s. had to be made, and the gas user had to pay for fixing.

In Manchester the deposit required was only 5s., and fittings and fixings were free.

Municipalisation Benefits the Poor Man.

Thus a small consumer in Liverpool, using 1,000ft. a quarter, would really have paid 3s. 5d. per 1,000ft.

In Manchester he would have had to pay only 2s. 3d.

If the Manchester Gas Department had been managed as badly as the private company at Liverpool, the citizens of Manchester would have had to pay in that year £152,349 more for their gas.

Instead of which they made a profit of £70,000.

Does municipal management pay ?

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Municipal Electricity Statistics.

Turning to electricity and tramway undertakings, we find similar records of municipal triumphs.

There are in operation, or in course of construction, 334 municipal electricity undertakings, and the amount of capital invested therein is £32,000,000.

Of all the undertakings managed by the municipalities, electricity is likely to prove the most profitable, and the ratepayers will have good reason to congratulate themselves in the near future on the enterprise and foresight of their representatives in getting control of this industry.

Electricity is only in its infancy. As a motive

power, and for lighting purposes, it bids fair to supersede gas, steam, oil, and everything else. Its Future.

No wonder, then, that the dividend hunters so savagely fight for its monopoly by private enterprise.

Long lists of municipal electric losses are scattered broadcast amongst the ratepayers, and all the terrifying arguments and corrupt arts of the dividend hunter are used to frighten the citizens into dropping this rich find into the hungry maws of the private trader.

But municipal electricity pays. The Parliamentary return before quoted shows that an average gross profit of 4 per cent. was made by the 102 municipal boroughs dealt with therein. Average Profits 4 per cent.

If you examine the list of municipal electricity undertakings which show cash losses, you will find that most of them are only in their first or second year of working, and it is a well-known fact that electricity undertakings are not expected to pay until after this period.

Municipalities have to acquire buildings and sites, and lay down plant, all of which takes time; but the interest and sinking fund payments must be made whether there is any revenue or not.

It also takes time to work up the business. Electricity is still a new and untried commodity in many minds, and the innate British conservatism of our people makes them chary of trying anything new-fangled.

But in many municipalities large cash profits are shown, and the crowning proof of the better management of the municipal undertakings lies in the

Price 20 per cent. Less than Private Enterprise.

fact that they charge on an average nearly 20 per cent. less than private companies.

The following figures are taken from *Garcke's Manual of Electrical Undertakings*, 1901-2 :—

Average price for current obtained by 43 private companies	4·94
Average price charged by 97 municipalities	3·82
Percentage of profit made by companies	5·00
Percentage of profit made by municipalities	4·30

Thus the municipalities charged more than 25 per cent. less for current, while their profits were only three-quarters per cent. less than those of the companies.

What London Loses by Private Enterprise.

In London the thirteen private electric lighting companies charged in 1903-4 three-farthings a unit more than the municipalities. They made profits of £646,834, which would have been reducing the rates of the citizens had they been wise enough to get control of the whole Metropolitan service.

In the provinces the municipalities charged ⅜d. a unit less than the private companies. Thus the municipal customers saved nearly £900,000, notwithstanding which the municipalities made 1½ *per cent. more* in gross profits than the high-price companies.

What Liverpool Gains by Municipal Electricity.

Look at Liverpool again. The Corporation there paid a private company £400,000 for the electric undertaking which had cost the company only £250,000. That is to say, the municipality had to earn interest and pay contributions to a sinking fund on a dead weight of £150,000.

The prices charged by the company were 7½d. for lighting and 5d. per unit for power.

In spite of their heavy burden, the Corporation have gradually reduced the charges to 3¾d. per unit for private light, 2d. for public light, and 2d. and 1d. for power, according to the quantity used.

Thus under municipal management the prices are 50 per cent. less than the private company charged, and after paying interest and sinking fund the Council is able to devote £10,000 a year to the reduction of the general rates.

And Leeds.

The story of Leeds is somewhat similar. The Corporation paid £368,000 for a private undertaking, giving the shareholders £170 for every £100. Yet they were able to reduce the prices at once. In two years they made a cash profit of £16,348.

I might quote many similar examples. Cash profits, *after* payment of interest and sinking fund, were as follows last year in—

Electric Shocks for Private Enterprise.

Aberdeen	£9,951	Birmingham	£10,412
Ashton-u-Lyne	1,270	Bolton	10,149
Belfast	6,094	Bradford	9,758
Brighton	6,959	Glasgow	42,522
Bristol	8,207	Halifax	5,873
Edinburgh	23,997	Liverpool	31,301
Manchester	31,809	Nottingham	12,542
Portsmouth	4,000	St. Pancras	20,583

Does municipal management pay?

* * * * *

Municipal Tram Statistics.

The Tramway returns for 1903-4 show that the number of tramway undertakings controlled by municipalities in the United Kingdom was 162, 101 of which were owned and worked by the local authorities.

The capital invested was £28,060,524.

Profits 8 per cent.

The gross profits were £1,924,072, equal to 8 per cent. on the capital.

When the opponents of municipal management are confronted with the facts about municipal success in tramway undertakings, they are compelled to understudy the ostrich. They bury their heads in the sand, and, like a lot of indignant Betsy Prigs, assert angrily that "there ain't no sich thing."

For instance, Mr. Dixon Henry Davies, before the Joint Committee on Municipal Trading, said, "The fact that Glasgow has not got anything like the mileage of tramways that Boston (United States) has got, is an example of the fact that the necessities of the community are nothing like so well served by a municipality as they are by private enterprise." This is what the champions of private enterprise call argument.

Glasgow.

The point is, "How do the municipal tramways in Glasgow compare with the service previously supplied by private enterprise?"

From 1871 to 1894 a private company had a lease of the tramways from the Corporation.

When the lease expired the Corporation tried to arrange terms with the company for a renewal, but the company refused to accept the terms offered.

Private Trams a Failure.

Moreover, there was a strong public feeling in favour of the Corporation working the tramways. The company service was not efficient, it was dear, and their bad treatment of their employés had roused general indignation.

So the Corporation decided to work the tramways, and the day after the lease expired they placed on

the streets an entirely new service of cars, cleaner, handsomer, and more comfortable in every way than their predecessors.

Municipal Trams a Success.

The result of the first eleven months' working was a triumph for municipal management.

The Corporation had many difficulties to contend with. Their horses were new and untrained, their staff was larger and unused to the work, and the old company flooded the tram routes with 'buses to compete with the municipal trams.

Notwithstanding these obstacles, the Corporation introduced halfpenny fares, they lengthened the distance for a penny, they raised the wages of the men and shortened their hours, they refused to disfigure the cars with advertisements, thus losing a handsome revenue, and in the end were able to show a profit of £24,000, which was devoted to the Common Good fund and to depreciation account.

Remarkable Progress.

Since then the success of the enterprise has been still more wonderful.

The private company, during the last four weeks of their reign, carried 4,428,518 passengers.

The Corporation, in the corresponding four weeks of 1895, carried 6,114,789.

In the year 1895-6 they carried 87,000,000.

Last year they carried 188,962,610.

In 1895-6 the receipts were £222,121.

Last year (1903-4) they were £717,893.

In 1895 there were 31 miles of tramway.

Last year there were 140 miles.

In 1895 there were 170 cars.

Last year there were 462 cars.

Fares 30 to 50 per cent. Lower.

The citizens of Glasgow have a much better service than the private company provided, the fares are from 30 to 50 per cent. lower, and the men work four hours a day less and get from 5s. a week more wages and free uniforms.

More Wages and Less Hours.

The capital invested is gradually being repaid out of the receipts, and in thirty-three years the tramways will be free from "debt," and consequently a still more valuable municipal asset than to-day.

Three Years' Profits, £724,000.

The gross profits for the last three years amounted to the colossal sum of £724,000.

Under a private company the citizens of Glasgow would be paying into the pockets of a few shareholders £100,000 to £150,000 a year—even if the private company charged the same fares and paid as high wages as the Corporation, which is an unlikely assumption.

Does municipal management pay?

Liverpool.

The experience of Liverpool under private enterprise and under municipal management is another exposure of the foolish statement that municipal management does not pay.

Less fortunate than Glasgow, Liverpool had to pay the private company £567,375 for the tramway undertaking, a sum which Sir Thomas Hughes told the Municipal Trading Committee was "a most unreasonable figure."

Notwithstanding this burden, Liverpool has made a striking success of its tramway department.

A Similar Story.

The fares have been reduced to nearly half, the wages of the men have been increased by 5s. a week, their hours are three a day less, the mileage

has been doubled, and a reserve fund of over half a million has been built up.

In the last year of the company they carried 37,000,000 passengers.

In 1904 the Corporation carried 116,000,000.

The receipts under the company were £290,743.

The Corporation receipts in 1904 were £547,624.

£32,000 Profits for the Rates in 1903.

The gross profits in 1903 were £203,257, and after deductions for interest, sinking fund, and, depreciation, there remained a surplus of £32,000 for reduction of the general rates.

Does municipal management pay ?

Denied control over her water and gas supplies, London has at anyrate made a brilliant success of the small section of tramways wrested from private enterprise by the County Council.

London's Municipal Trams.

The citizens of London have for eight years owned 94 miles of tramways, 48 miles of which are on the north of the river. The latter are leased to a private company.

Twenty-four miles on the south of the river have been worked by the Council for the last six years.

The result of the first year's working of horse-drawn trams was a net profit of £54,847, which went into the pockets of the ratepayers.

The Council carried 6,500,000 more passengers than the old company, they reduced the fares, and they gave the men a ten-hour day, which cost £10,000 a year more in wages.

Since then the system has been electrified, and the benefits of municipalisation have been distributed in various ways.

Profits to Reduce Rates £293,000 in Eight Years.

In the eight years the whole of the Council's tramways have contributed £293,000 to relief of the rates. They have also paid off £461,000 of the "debt" or capital borrowed, and set aside a renewals fund of £66,000.

Extra Wages, £30,000; Lower Fares, £100,000 per Year.

These enormous cash profits have been made after giving better conditions to the men, which cost more than £30,000 a year extra, after reducing the fares and giving the public in this way more than £100,000 a year, and after denying themselves an income which might have been got from advertisements on the cars.

Other towns owning and *working* the tramways have had similar successes. To give the details would be mere repetition of the facts given above.

Here are a few figures showing the cash profits in certain towns for the year 1903-4, and the amount in the £ by which these profits reduced the rates.

Other Towns.

Town.	Profits.	Rates Reduced by
Leeds	£52,000	7¼d. in the £
Manchester	50,000	3½d. ,,
Liverpool	27,171	1¾d. ,,
Glasgow	25,000	1¾d. ,,
Nottingham	13,000	3¼d. ,,
Salford	12,000	3¼d. ,,
Hull	11,500	3¼d. ,,

Does municipal management pay?

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Municipal Markets.

The Times was good enough to admit that "it is quite in accordance with the traditions of our social history that local markets should be under the control of the local authority."

But all our markets are not under the control of the municipalities, as the citizens of London know to their cost.

The Duke of Bedford levies a tax of ½d. to 4d. on every package which enters Covent Garden Market, and the Duke in this way takes £15,000 a year out of the pockets of the people, for doing nothing. Duke-ridden London's Losses.

The result of the private monopoly of markets in London is that there is a lack of facilities for the distribution of food, and the price of the articles goes up from 25 to 50 per cent., owing to the number of middlemen needed to convey them to customers.

Under municipal management many markets not only protect the people from consuming diseased food, they cheapen the articles, and they make cash profits for the reduction of the general rates. Municipal Profits.

At Cardiff the municipal fish market has reduced the price of fish by 33 per cent.

Last year Liverpool made cash profits of £16,000, Derby £2,600, Manchester £14,000, Nottingham £6,000, Stafford £100, Belfast £5,000, Bolton £2,000.

The Parliamentary return already quoted shows that 228 municipal boroughs own markets, and have invested therein £6,181,080. The average annual gross profit was £285,182, or 7 per cent. on the capital still owing, nearly two millions of the borrowed capital having been repaid.

Here, then, is another striking example of the ability of municipal trading to show cash profits.

Does municipal management pay ?

* * * * *

I think the evidence I have given is sufficient to prove that municipal trading can and does in

Municipal Trading "Pays."

numerous instances "pay" in the only way that the private trader understands paying—that is, it shows cash profits.

In the next chapter I will deal with some other aspects of this profits question.

HIDDEN PROFITS.

WHEN driven into a corner by the overwhelming evidence of the commercial success of municipal trading, the champion of private enterprise shifts his ground, and often stands on his head.

Municipal Success.

He retorts: "Municipalities ought not to make profits. If municipal trams are only a service, they ought to make neither profit nor loss."

Now, I have already explained that the making of cash profits or losses is only an incident in a municipal service.

The cash profit or loss arises from the method of making charges for the service.

It may be convenient to show a profit. It may be convenient to show a loss.

If the tram fares cover the cost of the service and leave a balance over, there is a profit which reduces the general rates.

If the water charges do not cover the cost of the services, there is a cash loss which is met by the general rates.

"That's all very fine," says the private trader; "but how are we to know whether a business pays

or not, except by the profit or loss shown on the year's working ? "

Cash Profits not the only Test.

We may test private business in this way, but we can only test municipal trading by considering all the facts, and all the facts concerning a municipal service are not contained in the cash profits or losses shown in the balance-sheet.

Let us take an illustration. Six years ago the London County Council commenced to work 24 miles of tramways in South London. In North London they own a system 48 miles long leased to a private company.

Sir A. Henderson says London Tram Profits are "Nothing."

Sir Alexander Henderson, of the Great Central Railway Company, said, " In North London, the company pay the London County Council a substantial rent for the lines they lease, and make a profit on the working. In the South, without rent to pay, the profit is practically nothing."

Sir Alexander is a business man, a commercial expert and chairman of an important railway company.

Now, what are the facts ? *All* the facts.

From 1899 to 1903 the County Council trams made profits of £72,900.

These profits remained *after* payment of interest and sinking fund charges amounting to £180,000.

Remember, now, what I said about profits which do not appear in municipal balance-sheets. Are there any in this case ?

In the previous chapter I told how the County Council had reduced the fares, increased wages, and introduced other improvements for the benefit of the people.

Are these not profits, just as much as the cash profits? Let us see if we can set them out in figures :— Hidden Profits not shown in Balance-sheets.

Net cash profits for the four years	£72,900
Extra wages and holidays to employés	120,000
Cheaper fares than Northern System	400,000
	£592,900

Five hundred and ninety-two thousand pounds is a substantial sort of NOTHING. And remember these profits were made in addition to the interest and sinking fund charges of £180,000.

Thus, if the trams belonged to a private company, they would have had a profit of £772,000, and this, instead of benefiting the citizens, would have gone into the pockets of a few shareholders.

Does municipal management pay?

These hidden profits are never referred to by the champions of private enterprise, but they always make a big noise about a cash loss on any municipal undertaking.

They take a cash loss as proof that municipal trading is a failure, but they only deceive the ignorant and unthinking.

Ask for all the facts, and see that you get them.

You probably know that ours is the worst telephoned country in Europe. Why? Telephone Service Bad, because a Monopoly.

Because a private company has had the monopoly, and seeking only for dividends has utterly failed to supply the public needs, and at the same time has charged exorbitant rates for a bad service.

Only some half-dozen municipalities have been allowed as yet to undertake this service. What is the result?

The municipal telephones cost about half the rates charged by the private company, and some of them make cash profits.

Municipal Telephones Cheap and Efficient.

Last year Glasgow made £3,650, Guernsey (where there is a telephone to every 33 persons) £200, Portsmouth £1,215—*after* paying interest and sinking fund charges.

Paltry profits, maybe; but is it not better to pay £5. 5s. for a municipal telephone service than to pay £10 to a private company, and get a bad service into the bargain?

Glasgow.

The Glasgow Municipal Telephones got more customers in two years than the National Telephone Company got in twenty. So did Portsmouth and Brighton. At Tunbridge Wells the Council in six months had six times as many customers as the company had secured in eight years.

The "Paltry" Profit Dodge.

A favourite method of opponents of municipal trading is to take the net cash profits of a municipal undertaking *after* interest and sinking fund have been deducted, and then to talk of the "paltry" profits.

To give a simple illustration: Suppose a private tram company with a capital of £500,000 made a profit of 5 per cent. They would quote it quite correctly as a profit of £25,000.

Now suppose a municipal tram service with a capital or "debt" of £500,000. The municipal trams also make a profit of £25,000.

Out of that profit of £25,000 the municipal service would have to pay (1) interest on capital, £15,000; (2) contribution to sinking fund, £10,000;

total £25,000, thus leaving nothing for relief of the rates.

Lord Avebury would say that the municipal service had made no profit, not even ½ per cent.

You can see that the profit is just the same in both cases; but when the whole debt was paid off by means of the sinking fund, the municipal service would belong to the people, and not to a few shareholders.

Take another example — Leeds: Capital, £1,108,000, net profits, £52,000, to relief of rates. The Trick Exposed.

That is called a paltry profit of less than 5 per cent.

But Leeds made a gross profit of over 11 per cent., and if the trams had belonged to a private company they would have had £125,520 to distribute to a few shareholders.

Instead of which £52,000 went to the relief of rates and £73,000 was used to pay interest, sinking fund, and depreciation charges.

Another variation of the argument is one used by Lord Avebury. "It is easy to show a paper profit if you have a monopoly," he says. "I doubt very much whether there is any real profit." Lord Avebury Insinuates Accounts Cooked.

Now, I daresay you noticed in some of the examples of municipal trading I have given, that after the municipalities took them over from private enterprise there was immediately an enormous development of the service.

This proves two things. First, that the private enterprise supply must have been insufficient and inefficient. Second, that the cash profits

shown by the municipalities were not "paper profits," but real profits.

The Charge Disproved by Facts.

The municipalities did not *need* to fake the accounts to show paper profits, for that is what Lord Avebury's charge amounts to. The business expanded so rapidly under their management that they couldn't help making profits.

Does Lord Avebury really think that the Councillors of London, Leeds, Manchester, Liverpool, Glasgow, &c. (some of them with reputations equal to his own)—does he think that these men conspire with the officials to deceive and rob the citizens ?

Does he think that the citizens are so foolish that they don't know when they pay lower charges for municipal services than they did for private company service ?

Does he think that the municipal employé only dreams that he is working ten hours a day instead of sixteen, that he has a six instead of a seven-day week, and that his wages are 5s. a week more ?

Paltry Arguments.

Are not these paltry arguments for a banker and scientist to use ?

Municipal trading results in loss. Municipal trading makes no profits. Municipal trading makes paltry profits. Municipal trading ought not to make profits. Municipal trading is immoral if it makes no profits, and it is also immoral if it does make profits.

With such a farrago of impotent fumblings the champion of private enterprise tries to demolish the municipal stronghold !

Is anyone deceived by such preposterous and contradictory arguments ?

THE DEPRECIATION DODGE.

The Depreciation Expert.

WHEN some glib financier or statistical genius gets up on a platform and informs his audience that municipal undertakings are built on foundations of sand which may at any moment be seized with creeping paralysis, and precipitate the deluded ratepayers into the gaping morass of bankruptcy, they are apt to be duly impressed.

"What provision do I find," asks the orator, contemptuously—"what provision do I find in municipal accounts for depreciation? A paltry ·0042693 per cent."

Depreciations and decimal points are such recondite things to many people that they imagine a man who talks of them so familiarly must know what he is talking about.

This does not always follow. The champion of private enterprise is so blinded by his own point of view, that he is quite unable to understand the difference between private profit methods and public welfare methods.

For example, in *The Windsor Magazine*, Mr. J. Holt Schooling, a statistical expert, wrote some

articles on local Rates and Taxes, and illustrated them by tables and diagrams in order to make their meaning clearer.

Mr. J. Holt Schooling's Ignorance of Municipal Principles.

Mr. Schooling doesn't understand the principle of municipal trading, and judges its results entirely by private enterprise tests.

Referring to the Parliamentary return from which I have several times quoted, he says: "The amount of depreciation put apart was £193,274, on a capital of £121,170,000. Here and there, no doubt, some of these businesses are worked at a profit. But we are dealing with them as a whole, in their various main groups, and it is abundantly clear that these 'reproductive undertakings' are being worked year by year at a very considerable loss. The so-called profit in some of them is merely a nominal profit, which vanishes as soon as one makes anything like a proper allowance for depreciation."

Mr. Schooling's Idea of "Proper" Depreciation.

Mr. Schooling accordingly draws up a beautiful table, in which, after deducting what he calls the "moderate amount of 5 per cent." for depreciation, he shows that the 1,029 reproductive municipal undertakings referred to are making a yearly loss of £5,486,945.

Mr. Schooling is a statistical expert.

What is Depreciation?

What Depreciation is.

If you have £1,000, and you go into the printing business and spend £1,000 in machinery and fixtures, you can understand that in time the machinery will be worn out. It will be necessary to buy new machinery and fixtures.

If you are wise you will set aside out of each year's profits a sum called the Depreciation Fund.

Then, when the time comes to buy new machinery and fixtures, you will be able to draw on your Depreciation Fund for the amount required.

If you do not do this, but spend all your profits, you will either lose your business entirely, or suffer considerable loss through having to use worn-out and obsolete machinery.

You will agree that it is a wise thing for a private trader to have a Depreciation Fund. Does not the same principle apply to municipal trading ?

Undoubtedly. If a private electric light works depreciates in value, so must a municipal electric light works.

Why, then, do not the municipalities make " proper " provision for depreciation ?

What a Sinking Fund is.

They do. Every municipality which raises a loan for any undertaking is compelled by law to set aside annually a sum sufficient to pay back the capital borrowed in a certain number of years.

This sum set aside is called the Sinking Fund.

Now, private traders are not compelled to provide a Sinking Fund.

The time allowed to municipalities by the Government for repayment of borrowed capital is usually fixed in this way.

The Sinking Fund is a Depreciation Fund.

If the machinery and plant to be purchased is likely to wear out in thirty years, the loan has to be repaid in thirty years. If in fifty years, the loan has to be repaid in fifty years, and so on. Thus the Sinking Fund provides a sum sufficient

to replace the undertaking at the end of the loan period. It serves just the same purpose as a Depreciation Fund.

How it Works.

For example. Suppose a Corporation borrows £100,000 at 3 per cent. for a tramway undertaking. They would have to pay interest £3,000, Sinking Fund £2,100, to repay the capital in thirty years.

At the end of the loan period the Corporation would have £100,000 in the Sinking Fund, and if the undertaking has been kept in as good working order as is usual with municipalities, they would have into the bargain a valuable asset of almost equal if not a greater value.

Mr. Schooling may know a good deal about the customs of private enterprise; but how many private enterprise tram companies set aside "the moderate allowance of 5 per cent. for depreciation"?

Private Enterprise Methods of Depreciation.

The Municipal Journal investigated the accounts of twelve of them for 1903. These twelve systems belong to the British Electric Traction Trust, whose officials are always bragging about the Sound Commercial Lines on which they are conducted.

What do these paragons of private trading allow for Depreciation?

A beggarly 1⅛ per cent.

And Municipal.

Twenty-four municipal tram undertakings, on the contrary, had set aside 2⅝ per cent., *in addition to paying contributions to Sinking Fund.*

I have by me an analysis of the accounts of the thirteen private electric lighting companies of

London for 1903, and I find that not one of these wealthy companies set aside 5 per cent.

The highest is only 3½ per cent., and six out of the thirteen did not set aside as much as 1 per cent. !

Mr. Schooling Confounded by Facts.

A still more striking exposure of the absurdity of Mr. Schooling's "moderate 5 per cent." basis of depreciation is provided by the Parliamentary Tramway Returns for 1903-4.

That official document shows that the 162 municipal tramway undertakings set aside for depreciation, reserve, and renewals, *in addition to* Sinking Fund, the sum of £479,430, and the 150 private companies set aside £134,215, and did not provide Sinking Funds.

The municipal average is 3⅜ per cent.

Municipal Depreciation Higher than Private Enterprise.

The private company average is only 1½ per cent.

It is clear, then, that there is no rule of depreciation which can be applied to all kinds of private enterprise. The experts differ as to the amount which ought to be set aside.

The municipalities, however, are compelled to set aside Sinking Funds, so that they at any-rate are in a safe position.

All this talk about Sound Commercial Lines is so much sound and fury, designed to frighten the ratepayers.

It would be a splendid thing for the opponents of municipal trading if they could compel municipal undertakings to set aside a Depreciation Fund equal in amount to the Sinking Fund, as some of them want to do.

By this means they would add a burden to the undertakings which in many cases would wipe out the cash profits.

The Object of the Depreciation Dodge.

Then we should hear from Land's End to John o' Groat's a wail of despair about the "Awful Losses on Municipal Trading."

Lord Avebury and his friends talk about "paper" profits, but I notice they never allude to "paper" losses. Losses, they insist, are real.

It won't do. The argument of Mr. Schooling is quite untenable. He entirely ignores the Sinking Fund, and is completely ignorant of the principle of municipal trading, and of the practice in private trading.

The municipal undertakings are *all right*. Their Depreciation Fund is a fixed payment, which cannot be shirked. To make them set aside still more would be contrary to reason and justice.

THE MUNICIPAL "DEBT" BOGEY.

The "Bogey" of Municipal Debt.

HAVING no solid arguments to bring against municipal trading, some of the champions of private enterprise exercise their ingenuity in the manufacture of "bogeys."

They remind me of a newsboy I once heard in the Strand. The evening papers contained no news of a sensational nature, so the enterprising newsvendor invented some in order to hasten the sale of his stock.

Rushing along the gutter, he cried in a hoarse voice, "DREADFUL SUICIDE OF A SHIPWRECK: DREADFUL—SUICIDE—SHIPWRECK." The people stopped him and bought his papers. He was a private trader, I may say.

In like manner these opponents of municipal management try to get up scares to frighten the people into buying their wares in the dearest market—the market of private enterprise.

Their favourite bogey is MUNICIPAL DEBT.

FOUR HUNDRED MILLION DEBT.

THE BURDEN OF MUNICIPAL EXTRAVAGANCE.

LONDON IN PAWN.

ALARMING INCREASE OF MUNICIPAL DEBT.

Its Manufacturers.

This is the kind of headline we see in *The Daily Mail* and other papers which fight for the dividend hunter against the public welfare.

The increase of municipal debt is also a favourite topic of company promoters, bankers, tramway, gas, and electric shareholders, whose gains at the public expense are diminished by every increase in municipal management.

They are aided and abetted by ignorant writers in the Press, who "snore and hiss" in the most dreadful manner, hoping to hinder the progress of municipal trading by describing spectres and goblins which exist only in the imaginations of the writers.

"Debt! Debt! Debt!" they cry. "Beware of municipal debt! Terrible increase! On the road to ruin!"

National Debt and Municipal Debt.

A common method of the opponents of municipal trading in presenting this bogey argument is to compare the National Debt with the Municipal Debt.

YEARS.	NATIONAL DEBT.		MUNICIPAL DEBT (England and Wales).
1874-1875	£755,000,000	.....	£93,000,000
1899-1900	£629,000,000	.....	£293,000,000
Decrease	£126,000,000	Increase	£200,000,000

They announce these figures in awestruck tones, much as the pothouse orator settles his opponents by asking, "What did Gladstone say in 1870?" And the pothouse orator's question contains about as much reason and argument as the comparison given above.

We had paid off 126 millions of the national debt (we have put 200 on since 1899), and we had

incurred 200 millions more municipal debt. Very well. What of it?

What has national debt to do with municipal debt? In what does one resemble the other? Why should we be scared by these figures? Why Compare them?

The opponents of municipal trading never tell us. They rely on the terrifying magic of the word "debt" to paralyse the intelligence of the people. They shout "Wolf!" and expect us to run.

Let us see if there *is* a wolf. First, what is the National Debt?

We know what the national debt is. We know that the 629 millions of national debt owing in 1900 had been blown to glory. What the National Debt is.

We know that we provide out of our earnings some 25 millions a year to pay the interest and sinking fund of the debt.

Now, what is the Municipal Debt? Had that 293 millions been borrowed for guns and explosives and armaments? Had that money been blown into space? What the Municipal Debt is.

Not at all. The 293 millions had been spent in making roads, in constructing waterworks and gasworks, in laying down and equipping tramway services, in building public offices, baths, hospitals, asylums, workhouses, schools, bridges, cemeteries, docks, harbours, piers, police stations, sewage works, markets, libraries, parks, and houses.

Have we anything to show for the national debt?

Absolutely nothing except the glory, and the shareholders in the national debt won't take National Debt Assets—"Glory."

glory in payment for their loans. They demand hard cash. Twenty-five millions a year.

The municipal debt to-day is 400 millions. We " owe " 400 millions.

Do we " own " nothing ?

Solid Municipal Assets.

The municipalities, all the citizens, own all the roads, drains, sewers, public buildings, parks, libraries, a thousand waterworks, two hundred and sixty gasworks, three hundred and thirty-four electricity undertakings, one hundred and sixty-two tramways, two or three hundred markets, a hundred and fifty cemeteries, forty-three harbours, piers, and docks, numerous baths, wash-houses, and working-class dwellings, thousands of schools, and thousands of acres of land.

Which is the wolf ?

The national debt is a bottomless pit, into which we pour millions of treasure.

The municipal debt is an acorn, out of which will grow mighty oaks with far-spreading branches.

When we have paid off the national debt (if we ever do), we shall have the bald satisfaction of knowing that we are out of debt, and that we have paid in interest many times the original amount borrowed.

The Absurdity of the Comparison.

When we have paid off the municipal debt, we shall have a splendid property worth hundreds of millions of pounds. And it will belong to *all the citizens.*

Yet the opponents of municipal trading have the audacity to compare the municipal debt with the national debt.

Let us go a little closer into the matter.

Mr. Dixon Henry Davies's Fog.

Mr. Dixon Henry Davies, secretary of the Chesterfield Chamber of Commerce, read a paper at the Society of Arts some time ago. Dealing with municipal debt in the bogey way, he said :—

> Well might a citizen in Manchester cry to his local governors, " The State has chastised me with rods, but ye have chastised me with scorpions," for while his debt to the nation is only £16. 6s. 9d., his debt to the municipality is £29. 1s. 4d.

That is to say, each citizen of Manchester owes to national debt shareholders £16, and to municipal debt shareholders £29.

Mr. Dixon Davies asserts that the Manchester man is to be pitied because his municipal debt is larger than his national debt. Is he ?

Fireworks and Furniture not the same.

If one man tells you that he borrowed £16 and spent it on fireworks, and another man tells you he borrowed £29 and spent it on household furniture, which man would you consider the wealthier ?

According to Mr. Dixon Davies, the man who spent his money on fireworks is the better off, because the sum he spent happens to be less than the amount spent by the man who bought furniture.

And Mr. Dixon Henry Davies is a business man.

In respect to the £16 owing for national debt, the Manchester citizen resembles the man who bought fireworks. The £16 has been blown into space. There is nothing left but the smell.

In respect to the £29 owing for municipal debt, he resembles the man who bought furniture for his house. He has spent the £29. *But he has still got the furniture.*

Manchester's Municipal Assets.

Manchester has spent, or invested, seven millions on a magnificent waterworks which supplies some of the cheapest and purest water in the country. Manchester has spent 2½ millions on gasworks which supply some of the cheapest and best gas in the country. Manchester has spent 1½ millions in equipping its splendid tramway system, Manchester has spent a million on the finest town hall in the world, Manchester has spent millions on sewage works, free libraries, street improvements, picture galleries, parks, and schools.

Manchester's Debt.

Do these things exist, or have they been dissolved like the baseless fabric of a national debt?

Manchester's municipal debt is £29. That is heavy. Mr. Dixon Henry Davies quoted it *because* it was heavy. Why is it so heavy?

Why so Heavy.

Ten pounds of the £29 is due to the fact that Manchester invested five millions in the Ship Canal. Why did the citizens make that investment?

Because private enterprise failed. Private enterprise sank ten millions in making the Canal, and then they found themselves in a hole. Who got them out?

Municipal trading. Municipal debt came to the rescue. The citizens of Manchester invested five millions to save the private enterprise 10 millions from being absolutely wasted.

Manchester's total debt is 20 millions. What does Manchester own?

Assets Worth 5½ Millions more than Debt.

Manchester owns undertakings and property valued at 25½ millions. Five and a half millions

more than the debt. And this valuation allows *nothing at all* for goodwill.

Is municipal debt a burden ?

Debt. Debt. Debt ! Lord Avebury and his friends always shake their heads solemnly about the alarming increase of debt. They never mention the municipal assets.

Sheffield's Debt.

Sheffield has a debt of £8,630,522. Twelve pounds seven and eleven pence per head of the population. What an awful burden !

Sheffield's Assets, 4 Millions to the Good.

But Sheffield also owns waterworks, tramways, electricity works, and markets worth £5,367,344. And Sheffield owns baths, libraries, museums, dwellings, parks, buildings, lands, Street improvements, sewers, &c., worth £4,148,368. Total assets £9,515,762, four millions more than the debt.

It is rather curious, is it not, that bankers, business men, and railway directors forget such an important item as assets ?

The 400 millions of municipal debt is the safest investment in the country. Not only are these assets of sufficient value to pay off the 400 millions, but to provide also a substantial surplus.

Wouldn't Lord Avebury and his friends be glad to get the municipal undertakings for 800 millions, if they had the chance !

The Word "Debt" Misleading.

The opponents of municipal trading make a dishonest use of the fact that the money invested in municipal undertakings is called "debt."

They know well enough that the municipal debt

Municipal "Debt" is really "Capital."

is no more and just as much " debt " as the capital invested in a private company.

For example. In Manchester the Corporation owns the gasworks; in Liverpool a private company own the gasworks.

Up to 1897 Manchester had spent £1,833,000 on its works; the Liverpool company had spent £1,918,000.

The £1,833,000 spent by Manchester is called " debt "; the £1,918,000 spent by Liverpool is called " capital." What is the difference ?

There is no difference except in name. The Manchester " debt " is just as much capital as the other.

How was the Liverpool capital raised ?

It was subscribed in sums of varying amounts by individuals.

How was the Manchester " debt " raised ?

"Debt" and "Capital" Compared.

In exactly the same way. It was subscribed in sums of varying amounts by individuals.

Suppose you had saved £200 and wanted to invest it.

If you invested £100 in the Manchester Corporation Gas Stock and £100 in the Liverpool Gas Company shares, what would be the difference ?

The company would " owe " you £100, just as much as the Manchester Corporation owed you £100, and in the balance-sheets of the two undertakings your £100 would appear as " Liabilities."

The Liverpool Gas Company shares bear dividends according to the profits made.

The Manchester Gas Stock pays a fixed dividend

or interest. Any surplus profit goes into the pockets of all the citizens.

Mr. Dixon H. Davies, Lord Avebury, Mr. J. Holt Schooling, and the other brilliant business experts call the Manchester " debt " a burden on the Manchester citizens. It is not as much a burden as the capital of the Liverpool Gas Company. Let us see.

Municipal " Debt " not as great a Burden as Private "Capital."

Since the Manchester Corporation took over the gasworks, they have handed over 2½ millions of profits for the relief of the rates.

That is to say, they have paid out in this way about £5 per head of the population.

The Manchester gas " debt " is only about £4 per head.

So that the Manchester citizen has actually received in profits more than the total gas debt. In addition he has paid back half the debt, the gasworks plant and machinery (which belong to him) could be sold for a sum which would pay the balance of the debt twice over, and he has been supplied with gas at a lower price than the Liverpool citizen.

Now, what is the position of the Liverpool citizen who has no awful burden of gas debt ?

The Liverpool citizen has not received £5 in profits from the private gas company. He has paid a high price for his gas. And he does not own any gasworks.

Manchester Municipal Gas " Debt " and Liverpool's Private Company Gas " Capital."

No. The Liverpool citizens have paid into the pockets of a few individuals more than the 2½ millions received by the citizens of Manchester.

They have paid a higher price for their gas, and they have not a single penn'orth of property in the gasworks. *They* still belong to the private shareholders.

Private "Capital" the Real Burden.

Well might the Liverpool citizen exclaim, " Private enterprise hath chastised us with scorpions, but municipal management shall pour oil into our wounds."

Afraid that the assurance that he is in debt may not be enough to terrify the citizen, the champions of private enterprise emphasize his peril by alluding to the ENORMOUS municipal debt, the HUGE municipal debt, the terrible BURDEN of municipal debt.

Is it a huge debt ?

Let us compare it with the total national wealth.

Municipal Debt 400 Millions.

Municipal debt, 400 millions. Total national wealth, 16,000 millions.

That is to say, all this hullabaloo about burdens is raised because we " owe " 400 millions—one-fortieth part, 6d. in the £, 2½ per cent. of our national wealth—on account of municipal debt borrowings.

National Wealth, 6,000 Millions.

And we don't owe it. We have assets which, if sold, would wipe out the debt and leave a handsome profit.

The Daily Mail, which hates municipal trading as the owl hates the light, says: " The need is great for some check upon this incurring of indebtedness by local authorities. The Chancellor of the Exchequer is vigilantly watched by Parliament and public when he spends money. It is scarcely

incorrect to say that no one watches and checks the expenditure of municipalities."

These statements are, of course, the exact opposite of the truth. There is a strong and growing feeling that some check is required on national expenditure, and everyone but *The Daily Mail* knows that municipalities can only borrow after obtaining permission of the Local Government Board, and sums borrowed under the Public Health Acts are limited to the assessable value of the borough for two years.

More Municipal "Debt" Wanted.

What is wanted is more municipal borrowing. If the municipalities are not allowed to borrow money for trading undertakings, what will happen ?

Municipal " debt " will stop growing. Yes. But will the public be any the richer ?

Suppose that municipalities wanted to borrow 20 millions for trams and electric undertakings this year, and suppose that Parliament said, " No, we will not give you powers."

And Less Private Capital.

The result would be that the 20 millions would be borrowed or subscribed as " capital," by private enterprise. Municipal debt would be 20 millions less, but private capital would be 20 millions more.

The profits on the capital would go into private pockets. The services would be dearer and less efficient, and the undertakings would never belong to the citizens.

Consequently the checking of municipal debt would be to injure the public welfare.

Sir Alexander Henderson and the expert statistician, Mr. Holt Schooling, think they have

produced a crushing argument against increase of municipal debt when they tell us that the increase is wholly out of proportion to the increase in population, and that it greatly exceeds the increase in rateable value.

Municipal Debt said to be Out of Proportion to Increase in Rateable Value.

The rateable value of Manchester is 4 millions, and the municipal debt is 20 millions.

Awful and alarming increase! Debt five times the rateable value! shriek the Schoolings.

But why in the name of the gospel of getting on should we be alarmed?

What is rateable value? It is the estimated net value of land, houses, and property on which rates are levied.

What Rateable Value is.

You live in a house whose rateable value is £20. You have invested in drainage, tramway, light, garden, library, policeman, hospital, &c., £80, four times your rateable value.

You have borrowed this £80, and you pay the interest and a portion of the capital back yearly out of your income.

Some of this income you get as profits from part of the £80 invested.

Now, as a man of common sense, wouldn't you be perfectly satisfied with the position of affairs so long as you were able to pay your way?

Your rateable value is £20. It was £18 ten years ago, and your municipal debt was only £40. Were you any better off?

Not a bit. For £30 of the extra debt which you owe now is invested in trading undertakings which do not add a penny to your rates. On the

contrary, they give you a profit to help pay the rates on the other things.

The idea that municipal debt ought to increase no quicker than rateable value is preposterous. The Argument Fallacious.

It is like asserting that a man cannot get a larger income unless he spends *all* the increase on the rent of a bigger house.

Suppose I live in a house or shop of £50 rateable value, and I have £2,000 invested in a business.

I borrow another £2,000 to extend the business. Meanwhile the rateable value of my shop has been increased to £60.

Terrible increase of capital! Alarming improvement in trade! Out of all proportion to the rise in rateable value!

Isn't the argument ridiculous?

The rateable value of the whole country has increased 50 millions during the last twenty years. But the national wealth has risen from 10 to 16 thousand millions, and the national income has risen from 1,300 to 1,750 millions a year. Security for Repayment of Debt is the Total Income of the People.

According to Mr. Holt Schooling's method of argument, these vast increases are alarming and terrible, because they are out of all proportion to the 50 millions increase in rateable value!

What is the security for the National Debt? The taxes. Whence are taxes obtained? From the income of the people. That income depends on their industry. So with municipal debt.

It is said that the security for the municipal debt is the rateable value.

That is a gross mistake. The security for the municipal debt is the industry of the people. The

Up with Municipal Debt.

security is their *total income*, not the value of houses and buildings alone.

Is it necessary to expose this bogey argument any further ?

Remember, the greater the municipal debt the less private enterprise there will be.

The greater the municipal debt the cheaper and better the services will be.

The less private capital the less profits going into a few pockets.

The less profits going into a few pockets the richer all the citizens will be.

UP, THEN, WITH MUNICIPAL DEBT.

THE AWFUL BURDEN OF HIGH RATES.

Municipal Trading said to Increase Rates.

ANOTHER argument of the "'orrible outrage" school is the assertion that municipal trading increases the rates.

"It is criminal," say the champions of private enterprise, "to add to our municipal debt. Look at the rates we are paying now."

Thus they try to make the public believe that municipal debt and municipal trading are the cause of high and increasing rates.

Their chief object is to persuade the people that it is municipal trading in "reproductive" undertakings like gas, trams, electricity, that causes the rates to go up.

These undertakings yield cash profits. Hence the anxiety of the champions of private enterprise to relieve the citizens of the awful burden.

Is it a fact that municipal trading in these undertakings increases the rates?

The Assertion Disproved.

The Parliamentary return quoted previously is the answer. That return showed that the municipal trading undertakings referred to made a net profit of £378,821 *after* payment of interest and sinking fund.

This disposes of the misstatement that municipal trading increases the rates.

By Facts.

If we take the "trading" undertakings, and leave out the baths and wash-houses, the cemeteries, the working-class dwellings, and the piers and docks, services which are not really "trading" enterprises, the profits show a much higher percentage. Thus the waterworks made 4 per cent. gross profit, gasworks 7 per cent., electricity supply 4 per cent., tramways 5 per cent., and markets 7 per cent.

How, then, can it be said that municipal trading causes the increase of rates?

There are thirty-two thousand local authorities. Is it reasonable or honest to say that municipal trading is the cause of the high rates because in a few instances the undertakings show a cash loss?

Ought Municipal Trading Profits to Reduce Rates of 15 years ago?

Proved to be in the wrong on this point, the opponent of municipal trading tries another line of argument.

"You say that municipal trading pays, and that it reduces the rates," he retorts. "Why, then, have the rates gone up?"

"On the municipalist's theory the growth of the debt which has accompanied municipal trading on a colossal scale should have led to a decrease in the rates," says *The Daily Mail*, instead of which "the rates in England and Wales in ten years have increased 50 per cent."

But no municipalist ever put forward the theory that the cash profits on municipal trading in trams, gas, and electricity and markets ought to pay for the cost of education, street improvements,

sewerage, libraries, parks, hospitals, poor law, asylums, bridges, piers, and all the other services rendered by the municipalities.

What the facts prove is that the rates would be still *higher* if it were not for the cash profits on municipal trading.

An actuarial expert on *The Times* made a list of a number of towns, with their rates in the £ paid in 1886-7.

Then he made another list with the rates in the £ for 1900-1.

He discovered that the rates had gone up, and he discovered that in the same period the municipal trading debt had gone up.

"The Times'" Actuarial Expert says "Yes."

"It seems to me fair," he said, "to test these municipal undertakings by the effect which is shown in the rates. Have these municipalities been able to decrease their rates or have they not?"

It seemed to him fair! An actuarial expert, one who is supposed to be "skilled in computations."

The Absurdity of the Demand.

A simple illustration will knock the bottom out of this expert gentleman's argument.

Manchester's municipal gas provided cash profits of £70,000 last year.

This amount makes the rates 5d. in the £ less than they would have been if a private company had supplied the gas.

Manchester Ship Canal on the Rates.

Manchester invested £5,000,000 in the Ship Canal to save the enterprise from ruin. To provide the interest on the debt, the citizens for years paid a rate of 1s. in the £.

Thus we have an increase of rates, 1s. Decrease, 5d. Net increase, 7d.

The actuarial expert of *The Times* would say that this increase proved that the Manchester Gas Department was a failure !

Could a ten-year-old school boy make such an awful mess of a " computation " ?

Large " Debts " and Large Municipal Trading means Lower Rates.

If the contention of *The Daily Mail*, the actuarial expert, and Lord Avebury were true, viz., that municipal debt and municipal trading cause high rates, we should expect to find that those towns with large trading debts and numerous municipal trading undertakings ought to pay the highest rates.

We should expect to find towns with no trading debts or small debts paying the lowest rates.

What are the facts ?

Just the contrary. The towns with the biggest debts have lower rates than the towns with the smallest debts.

Facts in Proof.

Mr. Robert Donald showed in *The Contemporary Review* that in 42 towns with big trading debts the rates were 4s. 7d., in 32 towns with small trading debts the rates were 4s. 7½d.

In Bath the trading debt was £237,867. Rates, 4s. 2d.

In Edinburgh the trading debt was £2,022,620. Rates, 2s. 8d.

According to *The Daily Mail* genius, the rates of Edinburgh, with that enormous debt, ought to have been eight times as high as those of Bath. Instead of which they were 1s. 6d. in the pound *less*.

AWFUL BURDEN OF HIGH RATES.

Look at the awful example of Darlington :— Darlington's Municipal Trading Reduces Rates by 1/7 in the £.

	1886-7.	1900-1.
Total Debt ..	£315,727.. ..	£259,593
Of which the Trading Debt was ..	163,055.. ..	101,223
Rates	5s. 5d... ..	3s. 10¼d.

The opponents of municipal trading never breathe the name of Darlington. The rates of Darlington had decreased in the fourteen years by 1s. 7d. in the £, yet there is no town of its size in the country which indulges more in the dreadful vice of municipal trading.

Darlington owns gas, water, and electricity works, markets, and tramways. Its profits on these undertakings in 1900-1 were £12,312, equal to a rate of 1s. 7d. in the £. Thus, without municipal trading the rates would have been 5s. 5d. in the £, instead of 3s. 10¼d.

Here, then, is an example where the rates were actually less than they were fourteen years before. But, generally speaking, rates have increased.

If the increase is not caused by the municipal debt on municipal trading, to what, then, is it due ?

It is caused by the payment for municipal services which are not trading undertakings. That is to say, for what are called unremunerative services.

If we examine the returns of local expenditure for England and Wales for the two years 1884-5 and 1902-3, we shall get a clear understanding of the true causes of high rates. Why Rates Increase.

The principal items of expenditure were as follows :—

	1884-5: Million £.	1902-3. Million £.
Sinking Fund and Interest	9·8	20·3
Highways	7·8	10·0
Education	4·5	11·0
Poor Relief	7·4	9·6
Waterworks	2·0	1·7
Gasworks	3·0	5·4
Police	3·5	5·7
Sewerage, &c.	1·9	4·0
Electric Lighting	—	1·0
Lunacy	1·7	2·7
Harbours, &c.	2·5	1·9
Trams	·1	2·5
Lighting	·9	1·7
Miscellaneous	8·5	15·5

Now, on all the "trading" undertakings included in the above list, on trams, electricity, water, and gas, there is a profit. The municipal income from them exceeds the expenditure.

No "Cash Profits" on Municipal Police, Sewerage, Education, &c., &c.

But there is no cash profit on education, no cash profit on police, no cash profit on sewerage, lighting, or lunacy.

These are the items which have caused the terrible increase in rates.

The waterworks, gasworks, tramways, and electricity undertakings provided, in 1902-3, 18 per cent. of the total municipal income; but the cost of keeping them up was only 11 per cent. of the total expenditure. But for this profit the rates would be still higher.

Is the matter clear now? We cannot eat our cake and have it. When the ratepayer grumbles about high rates, does he ever ask himself which of the municipal services he would like to abolish?

These Services the real Cause of High Rates.

Does he wish to stop poor relief? Does he wish to abolish the schools? Does he wish to return to the filthy and insanitary conditions of a century ago, when there were no rates for sewerage, and lighting, and scavenging? Does he wish to be his own policeman and fire brigade? Does he want to drink disease-laden water? Does he want to banish parks, libraries, museums, and art galleries?

It is these services which have caused the increase in rates, not municipal trading in trams, gas, electricity, and water.

Education costs 7 millions a year more, highways 2 millions a year more, poor relief 2 millions a year more, police 2 millions a year more, sewerage 2 millions a year more, lunacy 1 million a year more, public lighting 1 million a year more, and the interest and sinking fund payments 11 millions a year more.

As regards the last item, it must not be forgotten that the trading undertakings, gas, water, electricity, and trams, pay their own interest and sinking fund charges out of revenue. The increase of rates under this head is caused by interest and sinking fund charges on the debt for unremunerative services, highways, sewerage, education, &c.

Of the total municipal debt (370 millions) of England and Wales for 1902-3, 129 millions, or

One Third the Huge Debt not a Burden, but a Relief.

about one-third, was owing on account of trams, electricity, gas, waterworks, and markets. And not one halfpenny of this huge trading debt of 129 millions involved an increase in the rates.

All the increase was due to the other services, not the trading services.

I think it ought to be sufficiently clear now that municipal trading and the debt on municipal trading do not increase the rates.

Yet there is no doubt that the rates in some places are a "burden." There is a loud outcry about high rates, and the opponents of municipal trading do their best to make the ratepayers believe that the limitation of municipal trading would stop the increase.

They argue in this way: "Look at Liverpool, Leeds, or Manchester. They have municipal trams, and electricity, and gas, and water, and their rates are 7s. or 8s. in the £. Now look at Chowbent. They have no municipal trading, and their rates are only 5s. in the £."

When is a Rate High or Low?

They say that 8s. in the £ is a high rate, and 5s. in the £ a low rate.

But you cannot say a rate is high unless you are comparing it with a low rate for *exactly the same services.*

If I paid 5s. for a hat, and you paid 10s. for a hat, would it be correct to say that the price of my hat was low and the price of your hat was high?

It would all depend. If the hats were of exactly the same quality, your price would be a high price and mine a low one.

But if your hat was twice as good in quality as mine, it would be absurd for anyone to say yours was a high-priced hat compared with mine.

The same reasoning must be applied to the rate question.

If you are paying 5s. in the £, are you getting value for your money? If you are paying 10s. in the £, are you getting value for your money?

Towns Vary in Municipal Requirements.

It ought to be plain to the meanest comprehension that no two towns have exactly the same problems of municipal government to face. The area of the towns varies. Flint has an area of 3,333 acres, and a population of 4,625. Folkestone has an area of 2,481 acres, and a population of 30,690. Seven times the population on a less area. How can you compare the sewage rates, the street lighting rates, the police rates of two towns like these?

Leeds has an area slightly larger than that of Manchester. But the rateable value of Leeds is only 2 millions, while the rateable value of Manchester is 4 millions. How, then, can anyone pretend to draw conclusions about "high" and "low" rates simply by comparing the amount of rate in the £ paid in each town?

Consequently Difficult to Compare Rates.

The rates of Newcastle are 5s. 3d. in the £. The rates of Manchester are 7s. 8½d. in the £. Is one low and the other high?

How can we say, unless we know what the citizens of each place are getting for their expenditure?

If the citizen of Newcastle is getting value for his 5s. 3d. he ought to be satisfied, and if the citizen

of Manchester is getting value for his 7s. 8½d. he ought to be satisfied.

To say that towns with municipal trading undertakings must have high rates, and towns without must have low rates, is a statement which could only be made by an ignorant expert of some kind.

Gateshead: No Municipal Trading, yet Rates "High."

Gateshead has no municipal gas, no municipal water, no municipal trams, no municipal electricity. Its rates are 7s. in the £.

Darlington: Large Trading, yet Rates "Low."

Darlington has municipal water, gas, electricity, and trams. Yet its rates are only 5s. 6d. in the £; 1s. 6d. less than Gateshead.

The opponents of municipal management are killed by their own boomerang. Their arguments about high rates are as foggy as their arguments about the burden of municipal debt.

What you have to consider is, not whether your rates are more or less in the £ than those of some other town, but whether or not you are getting value for your expenditure.

Nevertheless, Rates are a Burden.

"All you say may be true," says the worried ratepayer. "I understand now that municipal debt is not a burden, and that municipal trading does not increase my rates, but, after all—my rates are 'high.' I can't afford——."

Ah! That is a legitimate argument. The ratepayer may have good grounds for complaint about the *amount* of his income which is paid away for municipal services. For the rates he is paying he may be getting full value in municipal services, but a man whose wife is in need of a new frock

thinks he cannot afford to pay rates for municipal sewers and libraries and concerts and hospitals.

But when you inquire into the matter, you will find that it is not high municipal rates that make him poor, but high private enterprise profits. Why?

Not excessive municipal trading, but excessive private profits.

Consider the case of a Glasgow citizen. The chief items in his expenditure are house rent, food, fuel, and clothes. Where does he purchase these?

From private enterprise.

The three next important items are water, light, and trams. Where does he purchase these?

From the municipality.

I have shown how the municipal management of these services has reduced their cost by half.

Suppose houses, coal, food, and clothes were supplied by the municipality, and that the reduction of cost was the same in these services.

Thus, a man paying £2 a week for rent, food, coal, and clothes would then pay £1.

Would he grumble about high rates then?

You don't hear the citizens of Glasgow complaining about the high rates charged for trams, gas, and water.

It is rent that takes the money—rent and private profit. Rent and Private Profit the Real Cause of High Rates.

If the ratepayer will go still deeper into the matter, he will find that one reason why he resents paying "high rates" is because he does not get all the benefits for which he pays.

For example, of the 370 millions of municipal

debt owing in England and Wales in 1902-3, nearly 44 millions were invested in highways and street improvements.

Who benefits by street improvements? Who pays for them?

The Landlord's Big Slice.

We, the ratepayers and taxpayers, pay for them. And when we have paid for them, the landlords who own the lands and shops and houses in the streets raise their rents.

We pay for the improvements, and then we pay a fine to the landlords for improving their property.

Read this extract from *The Great Problem of Our Great Towns* :—

A Generous Syndicate.

Early in 1898 a powerful syndicate, with a capital of a million sterling, promoted a remarkable Bill in Parliament. The promoters of this Bill were willing to undertake, at their own cost, the "improvement" of a large area in Westminster, to widen existing streets and make new ones; to drive a new thoroughfare, 90ft. wide, from the House of Lords to Horseferry Road; to pull down the old houses and to build new ones. Moreover, they offered to present London with a new Embankment (of a sort) continuing the existing Embankment from the Parliament House to Lambeth Bridge.

Why was this syndicate so generous? Because they knew that the effect of the improvement would be to send up the value of the property built and to be built on the area. They would have made millions of profit.

This was such a good thing that they didn't want to wait till the ratepayers had made the improvement. They actually offered to do the work for nothing (?)

So the improvements that we pay for through the rates fill the pockets of the landlords and the few dividend hunters.

AWFUL BURDEN OF HIGH RATES.

The land value of London is £16,000,000 a year, and is increasing daily. This value is due to the presence and industry of the large population living in London. The landlords have not created one single penn'orth of it. London's Land Value 16 Millions.

Here is a shop in the Strand. A shop! It looks more like a rabbit hutch. Measure it. Width, 9ft.; depth 18ft.

What is it worth? What would it be worth in the middle of Essex? About half-a-crown a week.

The rent of the Strand shop is £500 a year. Ten pounds a week. Eighty times as much as the same space would be worth in Essex!

What is the cause of the difference in value? Who Made It?

In Essex there are few people. In London there are millions.

Did the landlord make the people and bring them there?

No, he didn't make the people, but he made the laws which permit him to raise his rents as the population increases, and the wealth made by the people grows.

Did the landlord pay for the widening and improvements of the Strand, which made it a convenient street for traffic and marketing?

No. The ratepayers paid, and are paying for the improvements. The landlord sits still and smiles, and draws the profits. The ratepayers grumble at "high" rates, and listen to experts and impostors who try to persuade them that municipal debt and municipal trading are the causes of their poverty. Who Gets It?

Other municipal expenditure has the same effect. Every penny we spend on making our towns more healthy, more beautiful, and more convenient, increases the rents of the landlords and makes it easier for dividend hunters to extract huge profits from the people.

The municipal expenditure of London is 15 millions a year.

London Land Values would Pay ALL the Rates.

If the people of London municipally managed the land of London, they would now have £16,000,000 a year with which to pay this £15,000,000. There would be *no rates at all.*

Instead of which they give the landlords £16,000,000 a year and pay the rates in addition.

The burden of rates! What about the burden of private profit and rent?

All the municipal services of the United Kingdom cost but a paltry 110 millions a year. What do we pay in rent? 275 millions.

We get something for the 110 millions, but the 275 millions is mostly plunder, which we yield to the landlords without a murmur.

The terrible increase of rates and debt!

What about the terrible increase of private profits?

Rates in Proportion to National Income Trifling.

I have shown what a small proportion of our total wealth is invested in municipal assets; 6d. in the £.

How much of our national income do we spend on the upkeep of municipal services?

About 1s. 3d. in the £. Sir Robert Giffen tells us that the national income during the last twenty

years has increased from 1,300 millions a year to 1,750 millions.

An increase of 450 millions a year. We are earning in extra profits in ONE YEAR a sum greater than the whole municipal debt piled up during half a century!

National Income.	Municipal Expenditure.
1,750 millions.	110 millions.

That is, we spend one-sixteenth of our income on such necessary services as sewerage, paving, lighting, police, education, highways, hospitals, and poor relief. Only 1/3 in the £.

Is it extravagant ? Or is it mean and paltry ?

Would it be extravagant and expensive for a man with £500 a year to spend £32, one-sixteenth of his income, for a policeman to protect his house from burglars, for a fireman to protect his house from fire, for a sanitary expert to keep his drainage in order, for a medical officer to cure him when suffering from infectious disease, for the provision of light outside his gate at nights, for the run of a library, for the use of a recreation ground, for protection from private enterprise food adulterators, and the score of other services now rendered by the co-operation of all the citizens in a municipality ?

As a matter of fact, our municipal goods are the cheapest and best of all we buy.

Not a reduction of expenditure, but an increase, is the great need of the time. We want better houses, better streets, more light, more libraries, more parks, more concerts, more schools, more Greater Municipal Expenditure Badly Wanted.

How to Get the Money.

swimming baths, and cemeteries (to bury the expert statisticians in).

The rates are "high," not because the municipal services are not worth the money, but because the man who pays the rates does not get what he pays for.

Rates are not high in relation to the value of the services rendered. They *are* high in proportion to the incomes of most of the people who pay them.

The ratepayers' remedy, then, is not a reduction or limitation of municipal management, but an extension. Not a throwing off of the "awful burden," but a *redistribution of the pressure.*

We must municipalise the land and the houses. We must have that rent. We earn it. We must have it. We must have municipal coal, we must have municipal bread. We must have municipal milk and meat.

We are going to have them.

The municipalisation of land values alone would pay all the rates of to-day, and leave a handsome surplus.

THE RISKS OF MUNICIPAL TRADING.

A New "Bogey."

THE bogeys of municipal debt and high rates having been completely discredited, the opponents of municipal trading ask us to cower and tremble before a nice new spectre.

Beware the Jabberwock! The claws that scratch, the jaws that snatch! Beware the MOTOR 'BUS, for which your trams will be no match!

We are told that the motor 'bus is going to supersede the tram. In a week, or perhaps a month, all the tramways and tramcars in the country will be fit only for the scrap heap. The unfortunate ratepayers will consequently lose all their money. Let them, then, be warned in time, and stop municipal trading.

But the ratepayers are not so easily frightened. They have heard those strident voices before. They have listened to the cry of "Wolf" so often, and have so often found that the wolf was a goose that laid a golden egg, that their attitude is rather one of expectancy and hope than of fear.

Is this another "wolf" of the municipal debt

tribe? Is it really a Boojum this time? Or is it only the same dividend-hunting Snark? Let us look it in the face and see.

Ratepayers Ought Not to Take Risks

The argument is that it is unwise for the ratepayers to undertake trading enterprises, like trams for instance, because in a few years a new invention may displace them. Then the plant would have to be scrapped. The money invested would be lost, and the ratepayers would have to repay the losses out of their own pockets.

What a gloomy outlook!

The dividend hunter says: "The ratepayers ought not to take such risks. It is unwise. It is reckless. It is cruel. Let *me* take this burden on my shoulders. If I own the trams, and a new invention ruins me, you will not be hurt. You will lose nothing."

Nor Profits?

Noble dividend hunter! He never mentions that along with the risks he also means to take the profits.

Is the outlook for the ratepayers so gloomy? I think not.

In the first place, the motor 'bus is not going to supersede the trams. But let us suppose that it is.

The Danger of New Inventions.

Here is the position. The citizens of Glasgow have invested two millions in a tramway service. A motor 'bus is invented which will carry the passengers at a less cost than trams. What is Glasgow to do?

Are the citizens to open their doors to a few dividend hunters and allow them to run the trams off the streets? Would it be wise? Would it be just? Would it be sane?

What? After fighting the same dividend hunters out of the city? After establishing a magnificent tram service, and improving the conditions both for passengers and employés? After investing two millions of capital?

Why *should* they?

The naive suggestion of the dividend hunters that they will be allowed as a matter of course to pillage the citizens once more is worthy of Huck Finn's Duke of Bilgewater.

Municipalities Can Take Up New Inventions.

If a motor 'bus is found to be a better and cheaper means of locomotion than trams, would not the reasonable plan be for the citizens to introduce the new vehicle *themselves?*

Couldn't they manage the motor 'buses just as well as the electric trams?

Most certainly. The idea that a municipal service must be scrapped to clear the way for a few dividend hunters is preposterous. It is *funny.*

What happens when a new invention supersedes an old method? Electricity as light and motive power has been possible for thirty years.

Has electricity superseded gas and steam? Has private enterprise scrapped all its gas and steam plant? Are all the tramways and railways electrified?

You know that no such sudden changes are made. The displacement of the old methods is gradual.

The demand that municipalities must scrap their tramways immediately a new method of locomotion is discovered is a part of the campaign of depreciation of municipalisation.

If municipalities ought to keep so close up to date, why should not private monopolies be dealt with in the same way ?

London's Inefficient Private Enterprise. Trains and 'Buses.

The omnibuses and the suburban trains of London have for years been the mock of the civilised world. The omnibuses are slow and cumbrous, and noisy and uncomfortable, and dear, and not always clean.

The trains are slow and dear, and filthy and ill-lighted, and unpunctual, and overcrowded. No provincial town would have suffered so long the depredations of the dividend hunters who have had control of the transit facilities (?) of the Metropolis. The means of locomotion in the capital of the Empire would disgrace the worst Tammany-governed town in the United States.

They have been in the hands of private enterprise.

London County Council Improvements.

The London County Council, after long delays caused by the bitter opposition of the dividend hunters, municipalised part of the small tramway system and made extensions.

They provided a swift and comfortable service, paid the workers higher wages, shortened their hours of work, reduced the fares, paid interest and sinking fund on the capital borrowed, and made cash profits of £300,000 for the ratepayers in addition.

What is the result ? The directors of the dirty, overcrowded London Chokem and Robbem Railway Companies are squealing like a lot of puppies whose tails have been trodden on. " Our dividends are going, owing to the unfair competition of the

municipal trams, which are paid for out of the rates."

Are these statements true ? No.

Private Enterprise Superseded.

The dividends are reduced because the dividend hunters did not do their duty and provide an efficient service.

The municipal trams are not paid for out of the rates. The tram profits reduce the rates.

Municipal trams were introduced because private enterprise would not supply an efficient service. They had their chance. The dividend hunters have only themselves to blame.

Why didn't they scrap their plant? A score of years ago it needed scrapping.

Because They Wouldn't Take Risks.

The private companies didn't scrap their plant because their object is always profits. For the convenience and comfort of their customers they didn't care a red cent, so long as their dividends came in regularly. They were too timid and selfish to introduce cleaner, cheaper, and more efficient services.

It would have paid them to do so, would it not ? Handsomely. Where in the world is there a "softer thing" than the carrying of London's millions to and fro ? Yet these champions of private enterprise and individual initiative have so bungled the business that there is not a city in the world worse served in the matter of locomotion than the capital of the British Empire.

And these are the kind of people who want to discourage the citizens from establishing efficient services because new inventions *might* make their plant obsolete in a few years ! The funny creatures!

Private Enterprise Afraid to Adopt New Inventions.

Under private enterprise the people do not get the benefit of new inventions nearly as soon as they would if all our industries were municipalised or nationalised.

Take the case of Telephones. This country has the worst telephone service in the world, and the dearest.

The reason is that a private company has had the monopoly. If telephones had been managed for the public benefit, instead of for private profit, the whole Kingdom would probably be as well furnished with this useful and necessary means of communication as the Island of Guernsey, where, under municipal management, there is one telephone to every thirty-three inhabitants.

Telephone Monopoly Restricts Use of Service.

The National Telephone Company have been perfectly satisfied. They have made large dividends by selling a bad article at a high price, and the public has been helpless. Why?

Because we think it is unjust to drive out a vested interest. And when we do at last decide that we can stand it no longer, we handsomely compensate the incompetent and wasteful monopolists for *their* losses. We are a generous people.

If it is unjust to deprive a few people of the right to make profits at the expense of the whole nation, how much more unjust must it be to inflict loss on all the citizens of a town for the benefit of a handful of dividend hunters?

It would be unjust, and it would be foolish. The benefits of new inventions can be diffused by municipal ownership much better than by private enterprise, and without causing the loss

and suffering inflicted by competition and dividend hunting.

If electricity could be supplied only by municipalities, think of the enormous advantage that would be to the whole people. It would be supplied so cheaply—at cost price—that the poorest would be able to use it.

Private Company Electricity Dear.

Under private enterprise the use of electricity is restricted because the private companies only work the dividend-paying districts, and their price is 20 per cent. higher than the municipalities charge, even though the latter are severely handicapped by private-enterprise-made laws which retard their development of this industry.

Municipal Trading would Encourage New Inventions.

It is not municipal trading that prevents the scrapping of old plant and the introduction of new methods, it is private enterprise. All the citizens could afford to adopt a new invention so soon as it was proved to be an advantage. Private enterprise can only afford to adopt new methods after long delays, and then they generally benefit but a few people. Under municipal management the benefits could be enjoyed at once by all the people.

THE LIMITS OF MUNICIPAL TRADING

Municipalisation a Century Ago.

A HUNDRED years ago, the suggestion that the citizens of our towns should provide themselves with municipal water, municipal gas, or municipal trams would have been taken as certain proof of the lunacy of the proposer.

The brilliant intellects which saw an irremovable impediment to the introduction of steam locomotives in their inability to jump over bovine obstacles on the line, would have perspired to death if they could even have dreamed of a Town Council providing Turkish baths for the people.

Recent Progress.

We have moved since then. All these municipal services are now as commonplace as the innate conservatism of the British people, which, amid all the shocks of the wonderful progress of the nineteenth century, still survives with pathetic obstinacy. Perhaps we feel dimly that it would be unwise to lose the only attribute of Deity which we possess. Our innate conservatism is the same to-day, yesterday, and for ever.

Every reasonable person—and you, of course, are a reasonable person—admits that municipal

services are cheaper and more efficient than the productions of private enterprise.

Everyone who looks can see that private enterprise is a dismal failure. Private enterprise does not supply all the needs of the public. Why, then, not widen the scope of municipal trading ?

Why Not More ?

If municipal gas, if municipal water, if municipal trams, why not municipal coal, why not municipal bread, why not municipal milk, why not municipal houses, why not municipal beer, why not municipal boots ?

And the answer of innate British conservatism is that municipal trading may be very well as far as it goes, but——

How far does it go ?

Innate Conservatism.

With some people it stops at water. But it does not stop at water. With others it stops at gas. But it does not stop at gas. With another class it stops at trams. But it does not stop at trams.

One man objects to municipal libraries, another to municipal baths, a third to municipal concerts, a fourth to municipal gas stoves, and so on.

What are the reasons for these attempts to lay down limits to municipal trading ?

The reasons are various, and often contradictory.

It is not only the out-and-out opponents of municipal trading who raise objections to its extension, but men who have done their utmost to further the interests of all the citizens by advocating municipalisation in many directions.

The commonest argument put forward by these people runs somewhat as follows :—

The "Natural" Monopoly Argument in Favour of Limitation.

There is a class of undertakings, they say, which tend to become monopolies, and when these are in the hands of private traders the public loses the benefits of competition, and has no control over services which are vital to the convenience and health of the community. Such undertakings ought to be managed by the community for their own benefit.

In *The Municipal Journal*, Mr. Ed. R. Pickmere, M.A., Town Clerk of Liverpool, lays down three tests which ought to be applied to any proposed municipal trading undertaking. They are :—

Its Tests, Monopoly, Public Welfare, Interference with "Property."

1. Is the undertaking likely to conduce to the welfare and advantage of the general body of ratepayers by whom the money required for the undertaking has to be provided ?

2. Is it in the nature of a monopoly, and not likely to enter into competition with the ratepaying traders of the district?

3. Would the carrying on of such an undertaking by persons other than the Corporation unduly interfere with the property and health of the ratepayers ?

Using these tests with regard to water, gas, trams, and electricity, Mr. Pickmere argues that these services answer the questions in the affirmative. They are "for the general benefit of the community," they "tend to make the community healthy and prosperous," and they "cannot be so well and satisfactorily provided by any individual or company."

Let us take, first, the argument that undertakings

which tend to become monopolies ought to be provided for the people by themselves.

How They Break Down.

A moment's consideration will prove to the reader that we ought at once to municipalise (or nationalise) the drink traffic, the railways, the coal mines, the insurance business, the shipping industry, the telephones, the bread trade, the milk supply, the houses, and the land, and heaven knows how many other industries.

Many of these industries are practically monopolies. Competition in coal, beer, milk, bread, railway fares, shipping rates, and insurance premiums is largely abolished.

These are "natural" monopolies. Why, then, do those who lay down the above principle, stop at municipal gas or municipal trams?

Municipal Trading has No Limits.

If we apply the test that municipal trading should conduce to the welfare and advantage of the general body of ratepayers, we must arrive at the conclusion that municipal trading can stop at nothing.

We know that municipal water, gas, electricity, and trams are better and cheaper than private enterprise services of the same kind. Why should we not get the benefits of municipal coal, beer, boots, milk, bread, and insurance?

If municipal gas, water, and trams are "in the nature of necessaries," how much more in the nature of necessaries are bread, coal, houses, and clothes?

If Necessaries, why not Food, Fuel, and Shelter?

Does not the argument apply with a hundredfold force in the case of the latter services?

A man may do without gas, without electric

light, and without trams; but he cannot live without food, fuel, and shelter. These are the primal necessaries.

It cannot be denied that the municipalisation of these services would conduce to the welfare and advantage of the "general body of ratepayers," because *everybody* requires food, clothes, coal, and a house.

Mr. Pickmere's third question asks if the provision of the services by private traders would unduly interfere with the property and health of the ratepayers.

Here the evidence is overwhelming.

The "Property" Argument.

The private traders in houses and land kill thousands and thousands of people every year—in the slums. They interfere with the property of the ratepayers by charging exorbitant rents. They undermine their health by supplying inadequate and insanitary houses.

The coal owners rob the poor of warmth, and take twenty millions a year from the people, which could be saved by municipalisation. The bread merchants adulterate our bread, rob the people by short weight and high prices, and kill their hands by long hours, insanitary conditions of labour, and low wages.

Supports Municipalisation.

If we are to municipalise all the industries which interfere with the property and health of the citizens, where are we to stop? We cannot stop at gas and trams.

Coming now to Mr. Pickmere's second question, "Is the proposed undertaking in the nature of a

monopoly, and not likely to enter into competition with the ratepaying traders of the district ? " we shall find on examination that this test clashes with the first and third.

If an industry as carried on by private traders interferes with the health and property of the ratepayers, are we to allow them to continue to control it because a municipal service would abolish the private trader ?

The question is : Which is the most important— the welfare of all the citizens, or the profits of a few private traders ? The Public Welfare v. Private Profits.

By municipalisation we abolish the private trader in water, in gas, and in trams. Why should we hesitate, then, to abolish the private trader in coal and milk and bread ?

There is not a single argument which can be used to support the municipalisation of gas, water, and trams which is not also applicable to the case of beer, milk, bread, boots, and houses.

The private trader is not sacrosanct. There is no law of Nature which says that he must continue for ever.

The private trader is simply a trustee. By tacit consent of the people he has appointed himself to the position of producer and distributor of the necessaries of life. For thousands of years he has been allowed to go about the business in his own way, and to fix his own remuneration. His own nest has been well feathered ; but how bare and hungry are millions of the people whom it is his duty to feed and clothe ? Is there any law, Private Trader Must Go.

human or divine, which denies the right of the people to dismiss this unfaithful steward ?

Surely the private trader has had rope enough. It is time to hang him.

If we do not hang him by municipalising his undertakings, he will hang himself—*is* now rapidly proceeding to get the noose ready.

He will hang himself ; but he will be born again in the form of a trust.

The Alternative—Trusts.

In the United States they have already got him in his resurrected form, and the last state of the people is worse than the first.

Must we follow in their footsteps ?

There is only one alternative—municipal trading. Is there any doubt which would conduce most to the welfare of the general body of the citizens ?

OUR BROTHER THE SMALL PRIVATE TRADER.

Objections to Municipalisation.

WHEN it is suggested that the principle of municipalisation should be applied to bread, meat, milk, or boots, there is a loud outcry from the small private traders.

In the case of gas or tramways there is usually only *one* company supplying a town, but in the case of milk, meat, or boots there may be *hundreds* of individual shopkeepers.

"If these services are municipalised," they say, "we shall be ruined. It is unfair to compete with us with our own (the ratepayers') money."

First, let me take the objection that it is unfair for a municipality to compete with the private trader.

Is it unfair? Why is it unfair?

Is it Unfair to Compete with the Private Trader?

The guiding principle of the champions of competition has been that competition is the law of life. Through competition, they say, the people are provided with the cheapest and best services possible.

Under the present system, is it not fair for one

shopkeeper to set up in business next door to another and try to take away his business ?

Is it not fair for a large and wealthy wholesale company to open retail shops all over the country and capture all the trade ?

These things are fair, and are done every day.

Now, if it is fair for one trader to compete with another, or for a large company to compete with the small shopkeeper, on what grounds do private traders object to *all the citizens* competing with them ?

Not on Principles of Free Competition.

I contend that such action would be perfectly fair and just, according to the principles of competition.

" What ! Compete with us with the ratepayers' money ? Our own money ? What injustice ! " says the small trader.

No. The small trader is mistaken. The municipality does *not* use their money, and would not use their money under the supposed circumstances.

If the London County Council decided to open 1,000 bread shops, how would they raise the capital required ?

Not by taking the ratepayer's money, or the private trader's money, but by going into the money market and borrowing on the credit of all the citizens.

Suppose £100,000 were required. Not a penny would come out of the rates. The credit of all the citizens of London is so good that they can borrow all the money they want without any difficulty.

Lenders know that the L.C.C. could produce and sell bread, and out of the revenue pay them interest. They would look upon the investment as a certainty. A Municipal Bread Supply.

Not only could the L.C.C. provide cheap and pure bread, and pay the interest on capital, they could also pay back the capital in thirty years, and probably make annual cash profits for the relief of the rates.

Would not such an experiment be fair under the rules of competition ? A Fair Undertaking.

Is it fair for ten persons to form a limited company and do such a thing ? Is it fair for a hundred or a thousand or ten thousand persons to form themselves into the London Bread Supply Company, Ltd., and open shops everywhere in competition with the private trader with only one shop ?

Certainly. Similar companies are formed regularly.

Very well. If it is fair for a hundred, a thousand, or ten thousand persons to do this, why is it not fair for a hundred thousand, for a million, for four millions ? Why is it not fair for *all the citizens*, the municipality, to form themselves into a Bread Supply Company ?

Answer, Mr. Private Trader.

Because it will ruin you ?

What ! Municipal trading beat the private trader ? I thought municipal trading was bound to result in loss. I thought private enterprise and competition could provide cheaper and better That it would Ruin the Private Trader : No Argument Against.

articles than any other system. Why, then, are you afraid of municipal competition ?

And why should a company composed of all the citizens refrain from opening bread shops because it will ruin *you ?*

Does the company composed of ten persons, a hundred, a thousand, ten thousand shareholders, do they think of whom they are going to ruin ? Do *you* think of the man across the road whose trade you may ruin ? Isn't competition a blessing?

ALL the Citizens same Right to Trade as a Few.

The private trader's argument won't hold water. I assert that *all* the citizens have as much right to undertake a business as any *part* of the citizens. Just as much right as one man, ten men, or ten thousand.

But, observe what a Christ-like attitude the ratepayers bear towards the shareholders in an industry which is taken over by the municipality, or by the nation.

Instead of entering into competition with them, and beating them out of the field, what is our usual custom ?

Municipalisation Entails Compensation.

We compensate them. We buy them out. So tender are we of the vested interests of the few.

Rather than injure the rich man, we will heap burdens on the backs of the poor for a generation. When the gas service or the tramway service, or the electricity service is taken over by the municipality, the private companies are first bought out.

London has just bought out the private water companies, and paid them a handsome premium for " disturbance." London could have obtained

a new water supply, and London would have been quite justified in competing with the private companies. But it would have been "unfair."

Private traders, then, are not ruined by municipalisation. The idea of the small shopkeeper that municipalisation will ruin him is quite mistaken.

As a matter of fact, the private trader gets more consideration from the municipality who abolishes him, than from any competitor who drives him out of the trade. From him they get *no* consideration.

For private traders to fight against municipalisation is, then, a short-sighted policy.

One thing is certain—*they have to go.*

That is to say, they must either be abolished by the merciful method of municipalisation, or by the ruthless methods of the Trust.

The Trust does Not Compensate.

The Trust is coming. The days of competition amongst a multitude of independent competitors are drawing to a close. The principles of competition have been undermined during the last half-century, and now the foundations are beginning to rock.

Competition is a failure. I have shown in what way it is a failure. It does not supply the public with all it needs.

The Condition of England Question.

Here is the situation. We have a country, and we have a people. We have land and machinery and tools, and we have ability, if properly organised, to provide *everybody* with a comfortable living.

Is this achieved under private ownership and private enterprise ?

Far from it. It would be hard to imagine another system which could make such a tragic muddle of the business.

Instead of being well fed, well housed, and well clothed, one-third of the people are in a chronic state of starvation. They are ill fed, badly housed, and wretchedly clothed. Consider these facts, which I quote from Robert Blatchford's "Britain for the British":—

The 5,000,000 Rich.

"One-half of the wealth of the nation is held by about 25,000 persons."

"About 30,000 persons own fifty-five fifty-sixths of the land and capital of the nation."

"Two-thirds of the national income is taken by 5,000,000 people, half of whom do no work at all, while 35,000,000 people only get one-third."

"Out of every thousand persons, 939 die without leaving any property worth mentioning."

The 20,000,000 Poor

"Twenty millions of our people are poor."

There are 7,979,967 houses in Great Britain. Of these 5,055,645 are *under £20 a year rent.*

In London, the richest city in the world, 1¼ million people get less than a pound a week *per family.*

The Unemployed.

There is always a mass of unemployed. In the worst years there are nearly a million out of work. At the end of 1904 7·6 per cent. of the trade unionists were unemployed. These are the most skilful and energetic workers in the world.

Do those facts bear out the claim of the champion of private enterprise and competition? Is that the *best* we can do with all the natural and acquired forces at our command? Surely not.

Consider the following facts as to our capacity for the production of wealth.

Prince Kropotkin, in *Fields, Factories, and Workshops* says :—

England Could Feed Herself.

If the soil of the United Kingdom were cultivated only as it *was* cultivated thirty-five years ago, 24 million people could live on home-grown food.

If the cultivable soil of the United Kingdom were cultivated as the soil is cultivated *on the average* in Belgium, the United Kingdom would have food for at least 37,000,000 inhabitants.

If the population of this country came to be doubled, all that would be required for producing food for 80,000,000 inhabitants would be to cultivate the soil as it is now cultivated in the best farms of this country, Lombardy, and France.

That is to say, if we organised agriculture, using all the latest scientific discoveries for the good of all, there would be no difficulty about a sufficient supply of food.

Facts about Productive Power of Machinery.

In America, one man in one day can produce enough bread for himself for a year.

In well-organised coal mines, 100 men extract yearly enough fuel to supply warmth for 10,000 families, 40,000 people, in a rough climate.

A girl in a cotton mill can turn out enough calico in a year to clothe 12,000 people.

Twenty-five boys, working twelve hours a day, make 2,500 dozens of socks.

One hundred pairs of men's fine boots can be made by a handworker in 46 weeks. With machinery they can be made in 37 *days*.

1½ Million Men Could Supply All Needs.

It has been calculated that 1½ million men could supply all the needs of 40 million people by working eight hours a day for 300 days in a year.

We have an adult male population of ten millions.

There is not the slightest doubt about our possessing the power to provide a decent living for everybody.

But Private Enterprise and Ownership Block the Way.

Private ownership and private enterprise have woefully bungled the business. Is it unfair to try a new system ?

Unfair ? What in the name of justice is fair, then ? Is it unfair for millions to be underfed, for hundreds of thousands to die because of the insanitary conditions of private-enterprise houses, and the inhuman conditions of private-enterprise industries ; for millions to be robbed of the decencies of life by monopoly coal owners, and landlords, and food adulterators ?

From the point of view of justice, whom are we to consider most—the private traders, who are a small class, or the people ?

The Justice of Abolishing the Private Trader.

Is it unfair to take away the living of the private trader ? Then it is unfair to take away the living of the unemployed, the twelve millions on the verge of starvation, and the thousands slain annually by poverty and preventable disease.

I say that the welfare of the nation must be considered before the profits of the monopolists, and the wasteful freedom of the small trader. Under the present system, a large proportion of the population have so deteriorated in health and stamina as to endanger the existence of the nation.

Who is responsible ? Private ownership and private enterprise. Who made the slums ? Private enterprise. Who builds jerry houses ?

Private enterprise. Who charges high rents? Private enterprise. Who adulterates our food and poisons our drink? Private enterprise. Who pays starvation wages? Private enterprise. Who causes unemployment? Private enterprise.

Private enterprise and competition are responsible for nine-tenths of the misery and suffering of our twenty million poor. But we must not attempt to alter the conditions because the small private trader would be ruined!

He MUST Go—anyhow.

Nevertheless, the system *is* going to be altered, whether the small trader likes it or not. The Trust is on the doorstep. What is a Trust?

THE PRIVATE TRADER'S DILEMMA.

Menace of the Trust.

I SHOWED in the last Chapter that from considerations of justice and the welfare of the nation it would be perfectly fair to abolish the private trader, and I said that whether he liked it or not the private trader's doom is sealed. If he is not abolished by the municipality, he will be crowded out by the Trust.

Is there no need to fear the Trust? If the private trader thinks not, I am afraid he is living in a fool's paradise.

Is it not a fact that in recent years many huge companies have been formed which combine the functions of manufacturer and retailer?

Everyone must have noticed the growth of the universal provider kind of stores, and the retailer with "branches all over the kingdom."

One firm has two or three hundred tobacco shops in London, Lipton's have more than three hundred branch stores, a London meat company has five hundred shops.

The Small Trader's Desperate Struggle.

The restaurant business, the milk business, the drug trade, the boot trade, and others are going the same way.

THE PRIVATE TRADER'S DILEMMA.

The small trader is gradually being abolished. Every year his struggle to make a living becomes more hopeless.

Here is a significant resolution passed by Oxford grocers last April :—

> This meeting of the Oxford and District Grocers' Association hereby expresses its great surprise and regret at the fresh form of direct competition with the retail trade now proposed by the —— Tea Company (Limited), and protests strongly against such action, especially by a firm with whom, hitherto, the trade has had such friendly relations.

This firm is going to open about 400 shops.

The Cardiff Grocers say "the time has now arrived when each grocer, as a protest, should eliminate the sale of the company's goods from his business."

Poor little grocer ! What chance does grit stand against enormous capital ! The big tea trust will answer the little grocer's protest by eliminating *him*.

What is a Trust ?

What a Trust Does.

A Trust is a combination of business firms who amalgamate for various reasons—to stop competition, to cheapen production, and to bleed the public.

Yes, to stop competition. The champions of competition are finding out that competition is not the law of life. They are finding out that competition does not pay so well as co-operation.

They are finding out that competition means *waste*—not cheapness, but waste. Waste of time and waste of energy, and time and energy mean money.

They are finding out that it is wasteful to rent two factories where one will suffice; to lay down two plants where one will do the work; to employ two men where a boy at a telephone or a printed circular will get the same orders.

It Abolishes Waste.

The Trust abolishes waste. The small, independent private trader is often a wasteful item in the cost of production or distribution.

In Chicago the Trusts wiped out 30,000 small traders in seven years. Was that fair?

It saved waste. The goods were produced, and the public were supplied more efficiently than before.

If there are fifty boot shops in a town, and twenty are enough for the public convenience, isn't it a wise thing to shut up thirty and save the expenses — the rent, rates, salaries, wages, and profits?

Small Shopkeepers are "Waste."

Thirty shopkeepers are ruined; but both the public and the Trust may be benefited, the former by getting a cheaper article, and the latter by increased profits due to saving the expenses of the thirty shops. There are not many trusts in this country yet, but since 1886 nearly nine hundred separate firms have been abolished, and in their stead we have sixty or seventy trusts.

The British-American Tobacco Trust.

Remember what took place when the British Tobacco Trust was formed. Its birth was due to the attempt of the American Trust to capture the trade in this country.

During the fight between the two giants the retailer lived in clover. Each side bid for his help, because just then he might have settled the

contest one way or the other, either by boycotting the tobaccos of one trust, or by favouring those of another.

The British Trust offered to divide amongst the retailers for four years one-fifth of their profits, together with a bonus of £50,000, on condition that the American goods were boycotted. Its Methods.

The American Trust replied with an offer of £200,000 a year and their entire net profits for the same period.

Then the combatants came to terms and joined forces. Instead of two trusts there is now only one trust, and the position of the small outside manufacturer and the retailer is much more precarious.

Early this year it was announced that the British Tobacco Trust had reduced the prices of certain tobaccos, not to the retailer, but to the public.

"There will be considerable outcry in the trade throughout the country," said the Press, "but the public will benefit."

The public will benefit, and the Trust will benefit; but the poor retailer. He doesn't matter.

Unfair? The private trader talks about municipalisation being unfair! What does he think of the Trust? The Small Trader to the Wall.

If you want to know what happens when a trust with a lot of grit and "a desire to rise" goes into business, you must study the American Trusts.

In the United States every article of general consumption is under the control of a trust.

The U.S.A. Beef Trust.

Consider the effect of the Beef Trust, whose operations have lately excited intense indignation from one end of the States to the other.

This Trust has an absolute monopoly of some of the most important industries in the country.

Its Enormous Power.

"It fixes at its own will," says Mr. Chas. Ed. Russell, "the price of every pound of fresh, salted, smoked, or preserved meat prepared and sold in the United States. It fixes the price of every ham, every pound of bacon, every pound of lard, every can of prepared soup. It has an absolute monopoly of our enormous meat exports, dressed and preserved. It has an absolute monopoly of the American trade in fertilisers, hides, bristles, ham, and bone products. It owns, or controls, or dominates every slaughter-house, except a few that have inconsiderable local or special trades. It owns steam and electric railroads; it owns the entire trolley-car service in several cities, and is acquiring the like property elsewhere. It owns factories, shops, stockyards, mills, land companies, plants, warehouses, politicians, legislators, and Congressmen.

Far-reaching Influence.

"It can affect the cost of living in Aberdeen and Geneva as easily as in Chicago and New York. It has in the last three years increased, for its own benefit, the expenses of every household in America. It controls or influences the prices of one-half the food consumed by the nation. It can make, within certain limits, the price of wheat, of corn, of oats, what it pleases; it will shortly be able to control the price of every loaf of bread.

"Its operations have impoverished or ruined

farmers and stockmen, destroyed millions of investments, caused banks to break and men to commit suicide, precipitated strikes, and annihilated industries."

Its Ruthless Methods.

Many of these people have been ruined by the Trust because they were *waste*. They were not needed. It is just as easy to buy beef now they are not in the trade as it was before.

But mark the difference between the Trust methods and municipalisation.

The Trust ruins the small trader, dismisses the useless employé, and bleeds the public.

Municipalisation would compensate the trader, find other work for the unnecessary employés, and give the public the benefit of the saving in cost of production.

Municipalisation would Treat All Justly.

Would it not be better to be abolished by municipalisation ?

I contend that it is not to the small trader's interest to fight against the tendency towards municipal trading. On the contrary, it is to his interest to support and further it.

Do the Cardiff grocers think the big tea company will take any notice of their protest ?

Is it not more likely that when the tea company have got their 400 branches into working order they will extend the business ? Is it not more likely that they will gradually include *all* groceries ? Surely such a development will be the most natural thing in the world.

What remedy, then, have the small traders ?

Their only hope is in municipalisation, and when they fulminate against the wickedness and unfair-

Private Trader's Interest to Support Municipalisation.

ness of municipal trading, they are like a man in a burning building who kicks the municipal fire escape into the street, and refuses to be saved except by the private-enterprise staircase.

The staircase is in flames. The municipal way is the only way of escape.

Over the actions of the Trust the small private trader has no control whatever. But as a citizen, a ratepayer, and a voter, he can, in combination with his fellows, demand and obtain from the municipality that consideration which is the due of all citizens.

For him to oppose municipalisation is, then, an unwise policy. His chances of compensation from the Trust are almost nil. But from the municipality he can be sure of obtaining fair and just treatment.

His Extinction Necessary to General Welfare.

But whether the Trust will abolish the small private trader or not, I think I have given ample evidence to prove that the benefits of an extension of municipal trading would far outweigh the inconvenience and injustice felt by the private traders whom it would be necessary to supersede.

MUNICIPAL TRADING AND HIGH WAGES.

Low Wages of Private Enterprise.

DO you know what wages your milkman gets? I asked the question of mine one day, and he told me, "A guinea a week."

Twenty-one shillings a week! Three shillings a day! Threepence an hour! Why, it is not the docker's tanner!

What Low Wages Mean.

Do you know what twenty-one shillings a week for a family of four means? It means a jerry-built house in a dreary slummy district packed with bricks and mortar. It means a cramped and uncomfortable house or a couple of brick boxes with slate lids. It means living in a place where the flowers and plants and trees cannot exist, and where sweet air and sunshine never make their way. It means high rents. It means a hand-to-mouth existence. It means pinching and penury. It means mean and ugly furniture. It means shoddy clothing whose touch defiles. It means adulterated food. It means hard work and little pleasure. It means poor and sickly children. It means irritable wives and bad-tempered husbands. It means the public-house and drunkenness. It means crime. It means pauperism and the workhouse.

"But the milkman's work is regular?"

Yes, it is indeed regular. At four o'clock every morning he has to turn out—Sundays and week days—and not till six or seven o'clock at night is his day's toil ended, except on Sundays.

Municipalisation Raises Wages.

But we must not municipalise the milk supply, because the workers would get higher wages!

Is this an argument against the extension of municipal trading?

Yes. Some of the champions of competition object to municipal trading because under it the workers get better paid than under private enterprise.

On the other hand, there are those, like Mr. Dixon Davies, before the Joint Committee on Municipal Trading, who assert "that the statement that workmen are better paid by corporations is an error."

What are the facts?

Facts in Support

A few years ago the London County Council adopted the following regulation: "The rates of wages and hours of labour shall be those recognised by and in practice obtained by associations of employers and trade unions of workmen."

A similar regulation has been adopted by over 300 municipalities.

Now, the bulk of the workers are not in trade unions, consequently they are at the mercy of sweating employers.

But where the highest private enterprise wages paid are below what is considered to be a "living wage," many municipalities have adopted a "minimum wage."

Claim that Free Trade Increased Wages 15 Per Cent. in 30 Years.

I daresay you have lately heard a good deal about the increase of wages during the last thirty years. The Free Traders say that this enormous advance is entirely due to Free Trade, and that there is nothing like Free Trade for improving the position of the workers.

Is it as effectual as municipalisation? Let us see.

Between 1868 and 1901 the average wages increased 15 per cent.; that is, 3s. in the £.

Now, remember the strikes and lock-outs, the riots, the bloodshed, the loss of trade and wages, the deaths, and all the suffering endured to gain this paltry advance of 15 per cent. in thirty years. Then consider the following facts :—

Not so Good as Municipalisation.

Under a private company the tramway employés at Liverpool worked fourteen hours a day. Under municipal management they work only ten hours a day.

Under private management the wages averaged 4d. per hour. Under municipal management the wages average 6d. per hour, a rise of 50 per cent.

In addition, the men have free uniforms and a benefit society to which the Corporation contributes 6s. 8d. for every £1 contributed by the men.

Facts showing Increases of 20 to 85 Per Cent. by Municipalisation.

In Sheffield, where the private company paid £100 for labour, the Corporation pays £165 for the same amount of work.

In Bolton, where the private company paid £100, the Corporation pays £137.

In Wallasey, where the private company paid £100, the District Council pays £185.

In Northampton, where the private company paid £100, the Corporation pays £120.

In Birkenhead, where the private company paid £100, the Corporation pay £315.

In Portsmouth, where the private company paid £100, the Corporation pay £130.

In Sunderland, where the private company paid £100, the Corporation pay £145.

When Manchester Corporation took over the trams they paid increased wages amounting to £60,000 a year.

Here, then, are a few out of many instances where municipalisation has resulted in increases of 20, 65, 37, and 85 per cent. in the conditions of labour as regards hours and rates of pay.

Is not that better than Free Trade?

Glasgow Tramworkers:

When the Glasgow tramways were owned by a private company the condition of the workers was pitiable. Read this quotation from a little book on *Glasgow Municipal Enterprise*, by Mr. J. Connell:—

Under Private Company—

> Their hours of labour averaged quite fourteen per day, and their wages did not average more than 19s. per week. On this they were expected to maintain a respectable appearance, which many of them who had families were unable to do. As a matter of fact, some of the guards (conductors) were brought before police-court magistrates because their clothing did not correspond to the standard of decency which the situation called for. Even at the small wages named no man could obtain employment without depositing £2 as a guarantee against dishonesty. The men were fined for reaching the destination of their cars too late, for reaching it too early, for standing too long at any one point, for not standing long enough at any one point, and for a hundred-and-one other trivial offences.

That was the state of things that Mr. Dixon Davies would describe as better than under

municipal management. What happened when the Corporation took over the trams ?

Under Municipalisation.

The hours were reduced to ten per day—four less than under private enterprise ; the wages were fixed at 24s. a week, rising to 27s. in two years—5s. a week more than under private enterprise ; and the men were supplied with free uniforms.

Did the public suffer by this increase of wages to the workers ? Not in the least. I have already told you how the fares were reduced 50 per cent., and how large profits were devoted to the common good.

What happened in London ?

London Private Company 'Busmen : 16 Hours a Day.

Consider for a moment the hours and wages of London 'busmen now under the private companies. Their hours average sixteen per day.

Drivers are paid 8s. a day, conductors 6s.

So that the drivers get 6d. per hour and the conductors 4½d.

These hours are inclusive of meal times, for which the men may snatch about twenty minutes in a day, but all the time they are in charge of the 'buses.

There are no holidays, no free uniforms, and the week is a seven-day week.

L.C.C. Tramworkers' 10-hour Day—Higher Wages.

The conditions under the private tramway company were nearly as bad. What did the London County Council do ?

They gave the men a ten-hour day ; one day's holiday in seven, free ; and they advanced their wages at a cost of £30,000 a year. For sixty hours' work the men get more than they used to get for eighty-four.

With all these additional expenses, the Council, as I have already told you, have made large profits for relief of the rates, after reducing the fares.

It appears, then, that municipalities do pay high wages.

If you keep in mind that municipal services are intended to conduce to the health and happiness and convenience of the whole community, you will see that, when a community becomes the employer of certain of its individual members, it is impossible for them to underpay and overwork those employees as a private trader would.

All the Citizens must Not be Sweaters.

When you ride on a private 'bus in London, you may give a passing thought to the hard life of the conductor who gets 4½d. an hour, who works sixteen hours a day, who has five or six hours' sleep at night, and who perhaps does not see his children awake for weeks together. But you think, "I can't help it, and it is not my business."

But you could not say this in the case of a municipal tram. If the drivers and conductors were worked sixteen hours a day for a few coppers per hour, you would not then be able to say, "I can't help it."

Your Responsibility.

You, as a member of the municipality, are responsible. This *is* your business, and unless your sense of justice is completely dead you will see to it that *your* employés are treated in a fair and just manner—as men, not as material. The tendency all over the country is for the municipalities to become the model employer.

The facts and figures given in a former chapter

showed clearly that the large majority of the workers are paid very badly. People who are not eaten up by greed acknowledge that the great problem of this century is how to distribute more equitably the wealth which we are now able to produce in such abundance.

Here, in the municipalisation of necessary services, the wage earners have a method by which they can better their conditions without the waste and suffering caused by strikes.

Municipalisation the Way to Improve Workers' Conditions.

THE TYRANNY OF MUNICIPAL EMPLOYEES.

The Dangers of a Living Wage.

THE champions of private enterprise profess to see in the increase of municipal employees a DANGER to the community.

A danger of what ?

The Municipal Employees' Association was formed with the object of promoting and protecting the interests of municipal employees. One of its objects is to obtain a minimum wage of 30s. a week for adults in London and 28s. in large provincial towns. Another is to obtain a forty-eight-hour week for outdoor and manual workers.

Those are the dangers. It is feared that municipal employees would use their votes to return candidates pledged to raise wages and shorten hours.

The Working Man's Right to Control his Own Life.

For the working man to get 30s. a week is a sin in the eyes of the dividend hunters.

For the working man to have any control over the conditions of his labour is a crime in the eyes of many employers and rich people.

One would think that the population of these islands consisted principally of chattel slaves.

Why shouldn't the workers get the best possible return for their labour? Why shouldn't they combine to attain their objects?

Mr. Arthur Chamberlain says it is "Improper."

Mr. Arthur Chamberlain, a brother of Joseph, says that "it is an improper position for the working man to be at once the servant of the County Councillor as a workman and his master as a voter."

Why is it an improper position?

Is it an improper position for Mr. Chamberlain to go into business for himself, and decide for himself how long he shall work and how much of the profits he shall pay to himself as salary?

That is another story.

Is it an improper thing for an employer to fix the hours, wages, and conditions of his employees?

Many employers think not. They are indignant at the suggestion that they have no right to carry on "their" own business in their own way. They talk about the infringement of individual Liberty and Freedom, and resent any attempt at what they call interference with their rights.

If Right for an Employer, Right for a Worker.

Very well. If it be right for one man to carry on his own business in his own way, is it not right for all men? And if it is right for all men, why is it wrong for the workers?

But the working classes are in a majority, and could outvote every other class. A most improper position! A witness before the Joint Committee on Municipal Trading was quite indignant because 60,000 workers could outvote 150 employers. "Parliament ought to regulate

the powers of municipalities," he said, "so that there would be no abuses of this kind."

And this is supposed to be a Democratic country!

The interests of 60,000 men are to be sacrificed to the greed of 150.

The Denial of the Right Inspired by Greed and Tyranny.

The whole argument is inspired by greed, and the love of that tyranny which the champions of liberty pretend to hate.

The facts I have already quoted prove that an increase of wages is absolutely necessary if a large proportion of the workers are to be saved from dangerous deterioration in health and stamina, and those who oppose such a betterment of their condition are not only enemies of the workers, they are enemies of the nation and the Empire.

If the whole of the industries of a town were municipalised they would belong to all the citizens. Who, then, ought to fix the wages and conditions of work, if not the owners of the industries—all the citizens?

Would Municipal Workers Combine to Bleed the Community?

But at present only a few industries are municipalised. Is it not possible that the municipal employees will combine and send representatives to the Council simply to increase their wages?

The idea is absurd. The suggestion that the workers would use their power to increase their wages unduly is based on a complete misconception of their character.

Remember, some advance must be made. Remember, also, the advances that have been made without causing a halfpenny extra expense to the ratepayers.

Given fair conditions, the workers will be quite

content. There is not the slightest fear that they would resort to any such dishonourable and ruinous methods as the dividend hunters suggest. *Honi soit qui mal y pense.*

The Suggestion Absurd, according to the Rt. Hon. A. J. Balfour.

On the contrary. Appeals for their votes to further their own selfish interest fall on deaf ears. "I have always found the working classes open to the loftiest ideals of British Citizenship. They are animated by sentiments very far removed from mere personal interest."

Those are not my words. That is the opinion of the Rt. Hon. A. J. Balfour, M.P., twice Prime Minister. Is it not a true statement of the facts ?

Although we abolish competition and sweating under municipal management, we do not abolish our common sense.

There are other voters, besides those employed by the municipality, and their influence is quite strong enough to prevent any corrupt practices in favour of a certain section of municipal employees.

* * *

Municipalisation a Middle-class Question.

You who read this are perhaps a member of "that backbone of the nation," the middle classes, and you may think that this is only a working-class question. There, I think, you are mistaken.

I have shown that municipal trading reduces prices, so that as a consumer you benefit considerably.

For instance, on one of the London County Council tram routes, a passenger saves £3. 2s. 6d. a year in cheaper fares.

But the time is coming when your position as a producer or worker will be detrimentally affected by the Trusts.

The Trusts save waste.

One of the wasteful things the Trusts abolish is middle-class labour.

How Trusts Affect the Middle Classes.

When a number of competing firms amalgamate, they are at once able to dispense with the services of numerous clerks, travellers, and canvassers. What are these men going to do ?

It was estimated that 50,000 employees would lose their situations owing to the big amalgamation of American railways a few years ago.

Here is an extract from *The Daily Mail* :—

> Trusts at once cut down their advertising and discharge a number of canvassers. The American Tobacco Company, it is stated, got rid of 3,000 of its canvassers and other employees when it secured its monopoly. Its twin brother, the Continental Tobacco Company, telegraphed the discharge of 350 men in one day.

We have had no such sweeping experience here, but even our own little Trusts have already economised in this direction. Facts of this kind are not published from the housetops, but in my own small circle I know of half-a-dozen men who have either been dismissed or have had their salaries considerably reduced by Trusts.

"Too Old at Forty."

These men are often past the prime of life, and find the greatest difficulty in getting new berths.

Will private enterprise help them ? Will the growing custom of " young men only " help them ?

What *can* they do ?

As a mere bread-and-butter question, then, the extension of municipal trading must appeal to the

middle classes. As citizens with votes, they have a right to have their case considered by the community if municipalisation of any industry dispenses with their services.

They have no such right if private enterprise in the shape of a Trust puts them into the street.

Municipalisation Their Only Hope.

You will see, then, that an extension of municipal management is the only means of protection you have against the growing power of Combinations and Trusts. Under private enterprise and competition the wealth-earners must accept the wages, the hours, and conditions offered to them by the employers. They are slaves. Under municipal management the workers have a voice in the regulation of their own lives. They are free men.

Are free men a danger to the community ?

THE PURITY OF PRIVATE ENTERPRISE.

Corruption in Municipalities.

WHEN hurling their thunderbolts against the municipalities, many opponents of municipal trading always couple with extravagance, "corruption."

If the municipalities are not already eaten up with corruption, we are assured that an extension of municipal trading would inevitably lead to such evil and shady practices as would shock even the proprietor of a Hooligan newspaper.

These paragons of virtue always imply that in private enterprise we have a system of industrial purity, and to lay hands on such a stainless institution, save in the way of reverence, is desecration of the most heinous kind.

Private Enterprise Not Pure.

Is the present system pure? Is it a system which breeds honest men? Is it a system which promotes truth, honour, courage, fair dealing, and brotherhood?

The very reverse is the case.

Far from being pure, the system is honeycombed with corruption. Instead of encouraging honesty, it compels people to be dishonest on pain of starvation. In place of brotherhood it promotes strife, hatred, and all uncharitableness.

Its Basic Principle Immoral.

Everyone for himself. That is the principle of competition. Six days shalt thou labour and do all thou canst, but the seventh day is the Sabbath wherein thou shalt do no one—but God. On the seventh day it is prudent to throw dust into the eyes of the Almighty, peradventure He find out what you are up to.

Is not that the position ?

What can be expected from such a system ? We say self-preservation is the first law of nature, and generally speaking it is. Given, then, a system under which each member of society can only preserve himself by winning sustenance in a general scramble for food, fuel, and shelter, what else but fraud, cunning, and dishonesty can result ?

There is enough for all, if the bounties of Nature were orderly distributed. In the private enterprise scrimmage some get too much, some too little. And the dice are loaded against the man with clean hands.

Makes Honesty Impossible.

There is not an honest man in the kingdom. Honesty is impossible under a system of competition and private ownership and private enterprise. There is not an honest man in the kingdom. Soft you, indignant sir. Do you protest ?

From the richest to the poorest, is it possible to find a single person who is not directly or indirectly, a tyrant, a sweater, or a thief, or all ?

It Produces the Sweater

Look around you. Those clothes, my dear sir. That shirt. *How* much did you pay for it ? Ten shillings ? A fair price, no doubt. But how much did the slave who made it get for her labour ? Did *she* get a fair price ? I have read somewhere of

twelve shirts being made for two shillings. I have read that such fine shirts are made in slums by women who earn as much as eight shillings in a week of 120 hours. My dear sir. *You* an honest man. *You!*

And you, my dear madam. What a charming blouse! How much? Really! They are expensive indeed. I wonder how much they cost for making. Such *fine* work. Yes. I should think they *must* get rich quick. They receive as much as 1½d. for making one blouse, and find their own thread. *Not* guilty, madam?

And the Sweater's Customers,

And you, my dear duchess. Do you, indeed? Always make inquiries as to the conditions of labour before you buy *any*thing? How thoughtful of you. How extremely unselfish. It must cost you a great deal more. But—pardon me—where did you say you earned your income? Oh, yes—and rents. Fifteen per cent.? Really. Very good dividends indeed. *What do the workers get?* And what rents do your tenants pay?

And you, Mr. Drudge. Sure you've always tried to be honest? I don't doubt you. But touching that cap of yours (you always *are* touching it). Do you know where it was made? No? I do. It was made at Sweatem and Bleedem's. There's one of his hands. Look — that pasty-faced girl. The one with slow starvation written on her figure. She is dying of cheap caps. *You* an honest man?

And so we might go on. Between those who are dishonest by nature, and those who are dis-

honest because "they must live," there isn't enough room for an honest man's shadow.

Mostly Everybody.

The commercial system is so saturated with corruption that the whole population wink at actions which would excite disgust in a nation of pirates.

The gross dishonesties are acknowledged. They are so gross that we are continually trying to smother them by Acts of Parliament. Adulteration bills, company fraud bills, and bribery bills follow one another like a mourning procession, a mourning procession which has lost the corpse. The burying never takes place.

The burying never can take place so long as the system is built on competition and devil take the hindmost.

To say to the people "you must be honest," and then to place them in conditions where honesty is impossible is sheer lunacy.

The man who gets rich, equally with the man who gets all the kicks, is a victim of the system. He *must* get, or—what faces him ?

A life of penury and toil rounded by the workhouse.

The Bad Fruits of a Rotten System.

To escape that, what will men not do ? They will lie, rob, cheat, praise God, preach brotherhood, and slay their fellow men.

Consider some of the methods of this glorious system of commercial purity.

There is lying.

There is cheating.

There is adulteration.

There is bribery.

There is fraud.

There is tyranny.

There is cowardice.

There is murder.

There is lying. Read the advertisements in your newspapers, or go into the shops and listen to the salesmen.

There is cheating. Look in your warehouses and shops at the millions of imitation goods manufactured to make the purchaser think they are what they are not.

There is adulteration. Is there anything that is not adulterated ?

There is bribery. Try to find a business where palm oil is unknown.

There is fraud. Read the accounts of criminal prosecutions and think of the thousands of criminals who are never prosecuted.

There is tyranny. Lord Penrhyn can do what he likes with his own, can he not ?

There is cowardice. Think of the 20 million poor.

There is murder. See death rates of the workers.

Private Enterprise Worst System Possible.

Talk about *municipal* corruption ! You couldn't invent a system better adapted to the production of roguery than the present competitive state of society.

" If one inquires whether the morality exercised in the conduct of business in this country is satisfactory or not and answers this question from the sources of information open to the public, I fear that the answer must be in the negative," wrote the Right Hon. Sir Edward Fry, late Lord of Appeal.

Sir Edward Fry's Opinion.

"Let me enumerate some well-known facts. 1. Over-insurance of vessels. We know the efforts which have been made to check the evil, but he would, I fear, be a sanguine and credulous man who believed that the evil had disappeared; and when one considers how nearly this sin approaches to the crime of murder, this consideration is startling. 2. The bad and lazy work too often done by those in receipt of wages. 3. The adulteration of articles of consumption. 4. The ingenuity exercised in the infringement of trade-marks and the perpetual strain exhibited by rival traders by some device or other to get the benefit of the reputation or name of some other maker. 5. A whole class of frauds exists in the manufacture of goods, by which a thing is made to appear heavier or thicker or better in some way or the other than it really is. The deceit is designed to operate on the ignorant ultimate purchaser. Lastly, but not least, bribery in one form or the other riddles and makes hollow and unsound a great deal of business."

The fear of *municipal trading* "leading" to corruption!

London Chamber of Commerce on Bribery and Corruption in Private Enterprise.

As to bribery, remember the verdict of the London Chamber of Commerce, who appointed a special Committee of inquiry into the nature and extent of the evil. That committee reported as follows:—

"Your committee conclude from the evidence before them that secret commissions in various forms are prevalent in all trades and professions to a great extent, and that in some trades the practice has increased, and is increasing, and they are of

opinion that the practice is producing great evil, alike to the morals of the commercial community and to the profits of honest traders. Many cases have come before your committee in which traders have believed (often, though not perhaps always, without reason) that their entire failure to obtain orders has been due to the want of a bribe . . . The servant or agent who demands a commission and fails to receive it not infrequently warns his fellows in the same position in the trade against the honest trader, who thus finds himself shut out from dealings with the whole circle of firms."

Lord Chief Justice Russell on Fraudulent Companies.

Another judge, the late Lord Chief Justice Russell, startled the country on Lord Mayor's day in 1898 by addressing some withering remarks to London's new chief magistrate on the subject of company frauds. "A class of fraud which is rampant in this community—fraud of a most dangerous kind, widespread in operation, touching all classes, involving great pecuniary loss to the community, a loss largely borne by those the least able to bear it, and even more important than this, fraud which is working insidiously to undermine and corrupt that high sense of public morality which it ought to be the common object of all interested in the good of the country to maintain—fraud blunting the sharp edge of honour and besmirching honourable names."

How rife this form of fraud is may be judged from the figures given in the return of the Inspector-General in Companies' Liquidation for 1902. The total capital involved in company failures for the ten years 1892-1902 was 560 millions.

Five hundred and sixty millions! More than all the municipal debt of the United Kingdom.

Company Losses 380 Millions in 10 Years—Equal to whole Municipal Debt.

Of this sum the actual money loss was 380 millions. Nor was this all. During the same ten years 11,000 companies which did not go into actual liquidation, were for various reasons struck off the register and ceased to exist. In many cases they represented a considerable amount of capital not included in the above total.

Opponents of municipal trading talk about the "reckless trading" of town councils. A large number of the failures enumerated above were due to reckless trading of the worst kind, and much of the capital lost was simply filched from the pockets of trustful investors by bare-faced fraud.

Remember the Hooley booms, the gold mine booms, the Jabez Balfour and Whitaker Wright frauds, frauds which persons in high places did their best to shield from investigation.

The public realises dimly that it is impossible to reconcile its weekday practices with its Sunday professions, and that to punish any but the most flagrant and excessive departures from the golden rule would involve the imprisonment of the whole population.

Fraud Winked At.

We are all in the same boat, so we turn a blind eye to irregularities which in our hearts we detest.

Speaking at the annual meeting of the Incorporated Society of Inspectors of Weights and Measures, Mr. R. H. B. Thomson said that "Tea is the subject of more fraud than any other commodity." Mr. Spencer, the chief officer of the Public Control Committee of the L.C.C., states that many people receive only 15½ ounces instead

of a pound of tea, the remaining half ounce being represented by string and paper.

The Tea Scandal.

It is estimated that in this way the public pay for five million pounds of string and paper at the price of tea.

How is it such wholesale fraud is permitted? The thieves are doubtless honourable men. Religious and charitable and very severe on the starving man who breaks the law to save his life.

But why do *we* allow it?

Dishonest Bakers.

A London baker told a House of Commons Committee this session that 70 or 80 per cent. of the London bakers habitually rob the public by giving short-weight bread. "I did not like to be an exception to the trade," he said.

Even in a favourable estimate of the honesty of the trade it was admitted by another witness that ten per cent. of the bakers were dishonest.

Milk Adulteration.

Then there is the milk trade. We pay at least £200,000 a year for added water, and £90,000 a year for extracted fat. Ten per cent. of the samples taken are adulterated, and, according to some medical experts, a pure milk cannot be bought.

The System at Fault.

I might fill a volume with similar facts. The system of private enterprise and competition reeks with corruption. Honesty under it is impossible, and when men talk of municipal trading "leading" to corruption, it is plain that the system has so blunted their moral perceptions that they are unable to gauge the depth of the degradation in which they are plunged.

The Remedy.

Municipal Socialism, on the contrary, would provide an environment which would encourage and promote the growth of moral activities. Instead of leading to corruption, it would lead away from it.

MUNICIPAL SOCIALISM AND COMMERCIAL MORALITY.

The Evils of Private Enterprise.

FROM the "white lies" which are the current coin of commerce to the murder which is excused because it is legal, private enterprise is the cause of more offences against the moral law than any other of the influences by which man is environed.

Can we possibly change for the worse?

Opponents of municipal Socialism assert that an extension of municipal trading will "lead" to corruption.

But it is impossible to be led into a bog if you are already in the middle of it. Out of it—yes.

I propose to show that while private enterprise encourages immoral actions, municipal Socialism would encourage moral actions.

That while private enterprise promotes lying, deceit, fraud, bribery, corruption, and strife, municipal Socialism would promote truth, fair dealing, honesty, and brotherhood.

First of all, let us remember that at present municipal Socialism does not exist. Municipal services are not yet independent of private enterprise, and cannot be so long as private enterprise is predominant.

Municipal Socialism the Remedy.

Only 2½ per cent. of the whole wealth of the nation is municipalised. It is plain, then, that our ewe lamb will have to be very innocent and very high-minded, and very honourable and angelic, if it is to remain absolutely pure amidst such dangerous and immoral surroundings.

It is as though a man had municipalised one of his little fingers. Could we expect the little finger to act up to the high standard of municipal morality always ?

Hardly. The little finger does not rule the whole man, but the whole man the little finger.

So in the case of municipal government. Those who carry it on are, as to the greater part of their lives, dependent on the sytem of private enterprise.

The Odds Against It Heavy.

It is 40 to 1 against the principles of municipal Socialism.

Very well. How do our local authorities come out of the ordeal ?

I think any impartial observer must admit that they come out of it very well.

Considering the tremendous conflict of interests between private gain and public welfare, the high moral standard of municipal government is remarkable.

But Its Moral Standard High.

Thousands of men give unselfishly of their best services for the public welfare, and not a breath of suspicion has ever been or could be cast on their motives.

Municipal scandals are not very frequent, and when such are exposed what do we find is their cause ?

Not municipal corruption, but motives of private

gain. They are due, in short, not to excess of municipal Socialism, but to excess of private enterprise.

Scandals Due to Private Interests Clashing with Public Welfare.

We do not find men descending to fraud in order to benefit all the citizens, but to benefit themselves.

Councillors do not give contracts to their friends and wink at irregularities of all kinds in order to benefit the public. The motive is always private gain.

Jerry-builders, publicans, and slum landlords do not capture a local authority so that they can lower rents, or build healthy houses, or reduce licences for the *public* benefit. Their object in dominating the Council is to *prevent* municipal progress, to nullify the laws which would protect the citizens against their dishonesty, and to line their pockets at the public expense.

To this kind of corruption the municipal bogey-mongers are blind, except when some contract "scandal" is exposed. Then they stick their tongues in their cheeks, and mouth insincere platitudes about "the purity of local government" and "the customary high standard of morality," and "the necessity of purging our local institutions of corrupt practices of this kind."

But they never suggest that the only cure for the evil is an entire change in the system.

They never acknowledge that these corrupt practices are the direct product of the institution of private enterprise—which they are.

They always "fear that an extension of municipal trading will 'lead' to corruption."

Municipalisation would Remove Incentives to Corruption.

Would an extension of municipal trading mean more corruption? What would be the result of complete municipal Socialism?

The principle of private enterprise is everyone for himself; but the principle of municipal Socialism is everyone for the community.

The difference is radical. I showed in the last chapter how private enterprise must lead to fraud, deceit, bribery, corruption, and even murder in the struggle for existence.

Municipal Socialism would entirely remove any temptation to commit these immoral actions. Why?

Every Worker Sure of a Living.

Because under municipal Socialism every person who worked would be sure of a living. The great fear of poverty and the workhouse, which now incites men to such inhuman deeds, would be lifted from every heart. There would be no need to lie, and scheme, and cheat, and adulterate, and bribe, and murder in order to live.

Becky Sharp said that "it is easy to be virtuous on a thousand a year." What does that mean?

It means that the thousand-a-year man is beyond the temptations that surround the poor man. There is no need for him to descend to the mean shifts of the crowd in order to live.

But the thousand-a-year man is not *safe*. Even for him there ever looms darkly in the background that horrible fear of poverty, which urges him to make still more, and more, and more money, lest some day he too be dragged down into the abyss.

Municipal Socialism would fill up the abyss.

Under municipal Socialism starvation would be impossible, unemployment would be impossible, sweating would be impossible. Starvation Impossible.

Municipal Socialism would organise the production of wealth, and so great is our capacity for production that a famine, except by the "act of God," would be impossible. Food, fuel, and shelter, all the necessaries and luxuries of life, would be produced in such great abundance that the shadow of poverty would become a thing to make jokes on, and the fear of the workhouse a dream of disordered brains.

Everyone would be as free from anxiety as the millionaire is to-day—more free.

In such conditions, what motive would there be for lying, for deceit, for bribery, for fraud, for adulteration, for tyranny, or for murder?

Private traders adulterate their commodities. Why? In order to make more profit. They "must live."

But under municipal Socialism the need for adulteration would disappear. The object of municipal trading is to provide a service to conduce to the convenience, the health, and the comfort of the whole community. Adulterated goods do not conduce to the health of the community. Consequently they would not be produced. It would not *pay* the people to poison themselves with filth in the form of food, or degrade themselves by making shoddy clothes or jerry-built houses. No Need for Adulteration and Corruption.

Many people seem to be unable to imagine such a complete change of circumstances. "More municipal trading?" they cry. "No, thank you.

War Office Scandals.

Look at the War Office, the remount scandals, the jam scandals, the tinned-beef scandals. Think of the millions lost by Government management of army supply. That's what we should get under municipal trading."

Here again the critics fail to see that all these scandals are due not to national management, but to private enterprise and monopoly.

Who supplies the bulk of the army stores? Private contractors.

Not Due to National Management, but Private Enterprise.

Permanent Civil Service officials, over whom Parliament and the people have practically no control, are hand-in-glove with these vultures. If a dishonest contractor supplies rotten food or short weight, and gets paid full price, the fraud is only possible because public interests are not paramount in the management.

If the Army supplies were provided entirely by Government factories such frauds would be impossible.

Suppose a million pound tins of beef were required. To whose interest would it be to send out tins weighing 12oz. instead of 16oz.? No one could possibly profit by such roguery if the beef were grown and fed by Government, the meat and the tins manufactured by Government, the railways and ships owned by Government, and if all the hands through which the goods passed were those of Government employees.

Nationalisation would Remove the Opportunity for such Frauds.

Eliminate private enterprise entirely, and the motive and the opportunity for fraud are destroyed.

Again, pending complete nationalisation and municipalisation, the amount of fraud and

corruption in the public services must depend on the efficiency and honesty of the control exercised by those in authority.

In this respect the present methods of conducting the national services cannot be compared with those under which local authorities work. Popular control of the expenditure of the great spending departments has been reduced to a farce.

Parliament No Control Over Spending.

In the first place, Parliament consists principally of men whose main object is to preserve the privileges of the monopolists of land and capital. The national welfare is quite a secondary consideration. From them neither honesty nor efficiency can reasonably be expected.

In the second place, the machinery of control of the national spending departments is not nearly so efficient as the machinery of municipal government.

Millions of money are voted annually by the House of Commons without a word of discussion. Such a thing could not happen in a municipality.

Municipalities Have Complete Control.

Imagine the manager of the Manchester Gas Department bringing forward a scheme involving the expenditure of a quarter of a million, and imagine him getting it voted by a majority of the Council without any discussion whatever!

Yet the *Daily Mail*—the efficient *Daily Mail*—says that the control over national expenditure is watched most carefully, while municipal expenditure is entered on most recklessly!

The Manchester Municipal Gas Department is managed by a committee of the Council, who exercise a live and energetic control, while above

them there is the whole Council, by whom all the transactions of the Committee must be passed.

But there is no Parliamentary Committee in close contact with the War Office, or the Admiralty, or the Post-office. These services are managed practically by the permanent officials, and the result is that they are hardly distinguishable from private companies.

Millions per Minute Voted Automatically.

Estimates are brought before Parliament by the representatives of the various Departments in the House of Commons. These are supposed to be "discussed," but the time allotted for this purpose in a session is only 23 days. If at the end of that time all the votes have not been debated the remainder are automatically carried by the Government in power, and in this way millions of money are granted in a single evening without any question.

Party System Responsible for Waste.

Again, the national services are inefficient because of the party system. If, when a Conservative Government is in power, Conservative members were to join the Opposition in criticising the estimates and *voting against* them, the Government would be compelled to resign. Thus a vote for economy is a vote against the Government, and rather than help defeat their own party members prefer to condone extravagance and corruption.

No Party Government in Municipalities.

There is no party government in our municipal councils. Any member may vote against proposed expenditure without being disloyal to his party, and a proposal may be rejected without causing a complete reversal in the municipal policy.

Municipal Socialism would foster Brotherhood.

To compare municipal trading with the conduct of the national services is, for these and other reasons, quite inadmissible, and the fear that an extension of municipalisation would lead to the kind of corruption threatened is baseless.

Even to-day we find that the rough scramble for existence does not entirely succeed in stifling all the noble impulses in humanity.

Daily we read of acts of devotion and self-sacrifice for the *public* welfare. Even a grinding, grasping money-getter becomes semi-human when he has made his pile. When he feels "safe" he wants to do something for others. He does not see that it would be possible to set free the same impulses in everybody.

Municipal Socialism would remove all incentives to corruption, and every step towards it will reduce the temptations and the opportunities for fraud.

TRIFLING FOOLISH OBJECTIONS.

Arguments Answered Briefly

ONCE upon a time somebody—I think it was King James—gravelled all the wise men by propounding the following problem: "How is it that if you place a fish in a brimming bucket of water the water is not spilled?"

Long and learned arguments were produced to show cause why not one drop of the precious fluid need be upset by the added weight of the fish. But it never occurred to the savants to fill a bucket with water and try the experiment.

Many of the objections brought against municipal trading are posers of a similar kind. They sound so impressive and awe-inspiring and conclusive that the careless are apt to be misled, and to accept as genuine arguments counterfeit coins which break in two as soon as one commences to nail them to the counter.

I will now reply briefly to some of those trivial objections which look so impressive and important until they are held up to the light of common sense.

That Municipal Trading will Cause Bad Trade.

1. *It is said that if municipal trading increases, capital will be diverted from industry, the trade of*

the nation will suffer, and the unemployed problem will be intensified.

Answer : When capital is invested in municipal undertakings at least the same amount of trade is done as when the capital is invested in private companies.

For instance, London borrows five millions for municipal trams. That amount is added to the terrible burden of municipal debt, and according to the argument five millions are diverted from industry.

Increase of Municipal "Debt" the same as Increased "Capital."

But they are not diverted from industry. They are *employed* in industry. The so-called "debt" of five millions is just as much invested in industry as it would be if five millions of capital were raised by the London Tramways Company, Ltd. Is it not ?

The only difference is that the municipal industry belongs to the citizens, and the profits thereof ; while the private industry, and the profits thereof, would belong to a few dividend-hunters.

Private enterprise suffers, but the total amount of capital invested in industry is just the same in both cases.

Only the Profits Belong to ALL the People, Not to a Few.

If there is the same amount of capital invested in the municipal industry there will be at least the same amount of employment. But, as I have shown, municipal trading means *more* employment.

Paying fair wages, reducing hours, and granting holidays, necessarily involves the employment of more workers. If one man works 90 hours a week under private enterprise, it will take one and a half men to do the same under municipal conditions.

Thus municipal trading does not harm industry. It expands industry, and increases the number of the employed.

That Councillors are Not "Experts."

2. *It is said that municipal trading is bound to result in loss, because councillors are not "experts" in the industries they manage for the citizens.*

Answer: Municipal trading does not result in loss. Municipal trading *pays*.

Are Private Company Directors Experts?

People who use this argument forget that there are thousands of directors of successful private companies who are not experts in the businesses they manage. Is Mr. William Whiteley, the universal provider, an expert grocer, cabinet-maker, hosier, draper, tailor, dressmaker, cycle and motor maker, horticulturist, and so on? No. He is a business man, and he buys brains just as he buys muscle and material.

Cannot municipalities do the same? That is what they do. Town councillors get just as efficient "experts" as the directors of a private company. The managers of the municipal gas, tramway, and water departments are as competent and clever as the managers of private gas, tram, and water companies.

Chicago has just decided by an overwhelming majority to municipalise its tramway system. Immediately after the result of the poll was announced the Mayor wired to the Lord Provost of Glasgow: "Will you give the manager of your municipal tramways a vacation of thirty days to visit Chicago to confer with me?"

Wasn't that a striking compliment to the efficiency of municipal management?

America does not ask for the help of Mr. Garcke, the head of the private enterprise Tramway Trust, or the manager of any private company. She turns instinctively to the municipality.

Experts Can be Bought.

Good management does not necessitate acquaintance with the technical details of a business. General ability, common sense, and honesty are the chief requisites. Expert brains can be bought.

3. *It is said that municipal trading cannot be extended because the councillors already have enough work to do.*

Answer: If municipal trading is considerably extended it will be necessary, of course, to increase the number of directors or councillors.

That Municipal Trading Must "Stop for Bobbins."

If, for instance, the bread business were taken over by the London County Council a Bread Committee would be appointed. They would no doubt be chosen from the expert master bakers, just as the education committees co-opt experts in education to help manage the schools.

Absurd! More Trading Would Mean More Managers and Workers Transferred from Private Enterprise.

It seems to be supposed by some people that under municipalisation all the clever business men would be out of employment, and that all the work of direction would be performed by the present councils. But if we municipalised or nationalised, say, Lipton's, Ltd., we could still employ Sir Thomas Lipton to manage the business, and pay him a handsome salary—perhaps not sufficient to buy "Shamrocks" out of his savings; but the girls in the jam factories would get a living wage, and we *might* have our yachts as well. *Our* yachts.

That Captains of Industry will Not Work for Municipal Wages.

4. *It is said that men who in private enterprise are able to make enormous profits will not work for a municipality for a comparatively small salary.*

Answer : Such cases would be rare. The honour and dignity of a municipal position outweigh many of the attractions of money made in private business.

A municipal captain of industry's place would be absolutely secure, a permanency, with an assured pension, and would carry with it many alluring perquisites which could not be bought for £ s. d.

Working for the community, at a salary amply sufficient to provide all the necessaries and luxuries that a healthy man could desire, with no fear of bankruptcy or poverty or the workhouse, with the possibility of winning the respect and admiration of all the citizens—what man would refuse such a position on the ground that he might have made more money under private enterprise ?

But They Do Now.

Are there not examples enough before our eyes to refute this argument ?

The Prime Minister gets £5,000 a year. But is that all his wages ? And does anybody suppose that Mr. Balfour is "paid" by such a paltry remuneration for the use of his unrivalled talents for statemanship ?

Austen Chamberlain's Self-sacrifice for the Good of the Nation.

How is it that we are able to command the financial genius of Mr. Austen Chamberlain for a mere bagatelle of £5,000 a year ? Or the organising ability of Admiral Sir John Fisher for £2,000 ?

Is it not because these men prefer to serve the public for a small salary rather than devote their energies to the sordid game of profit-hunting,

and that they are amply paid by the respect and admiration of the people for whom they labour ?

Establish a system under which the goads of hunger, poverty, and the workhouse were abolished, and the spectacle of a clever man refusing to employ his talents for the benefit of the public because the salary was too low would be impossible.

And if such clever, greedy gentlemen did exist, could not the municipality do without them ?

That Municipal Debt Benefits Posterity.

5. *It is said that the only result of piling up municipal debt is to burden the ratepayers of to-day for the benefit of posterity.*

Answer : Municipal debt is not a burden, but a paying investment. Municipal " debt " is only another name for municipal capital, and if municipal " debt " is a burden on the ratepayers of to-day for the benefit of posterity, so must all capital be a burden.

We cannot help working for the benefit of posterity, just as our ancestors could not help working for our benefit.

But who is posterity ?—that is the question.

So Does Private Capital.

When private individuals own the industries, we are working for the benefit of them and their posterity ; but when all the citizens own the industries, we are working for the benefit of *all* posterity.

This objection arises chiefly from a misunderstanding of the word " debt." Debt is something that has to be paid back. But, as I have shown, it is cheaper to have a municipal debt, and pay the interest and sinking fund on it, than to pay dividend on privately-owned capital.

The question is: "Do we need the things we pay for by means of our rates, and do we need the things produced by municipal trading undertakings?"

Increase of Debt Not a Burden if Industry is Needed.

If we need sewerage, paving, libraries, parks, schools, street lightings, hospitals, &c., then the payment for these services cannot be a burden. We can get rid of the so-called burden, but at the same time we shall also get rid of the burden of life. Must we die in order to prevent posterity from benefiting by our industry?

Again, do we need gas, water, trams, and markets? We do. Then how can the capital or debt invested in these undertakings be a burden? *We* use them. We get all we can out of them. If we leave something behind us for our children shall we begrudge them the legacy?

Municipal debt can only be a burden when a town borrows money for a white elephant—for a useless or unnecessary service. If the London County Council borrowed a million to buy a diamond mine, in order to make the Nelson Column sparkle in the gaslight, that debt would be a burden, because diamonds are not the kind of luxury that London can afford.

But debt for all useful necessaries and luxuries is not a burden, but a paying investment.

That Municipalisation Causes Stagnation.

6. *It is said that municipalisation causes "stagnation."*

Answer: If that is true, why is there such a great outcry on the part of the dividend-hunters for the limitation of municipal trading? The complaint is that municipalities are continually extending their

activities and encroaching on the domain of private enterprise. Does this look like stagnation? Surely they mean staggeration!

Municipalities Hampered by Restrictive Laws.

We often hear of the check to the progress of electrical industry caused by municipal stagnation. Private companies, we are told, could supply electricity much cheaper than municipalities.

But that is not true. Some private companies may, because of their freer position, be able to supply cheaper than some municipalities with restricted powers. But, on the average, municipal electricity is cheaper.

A five million pound company tried to obtain powers to supply the whole of London. Given such a large area they claimed to be able to provide electricity cheaper than any of the companies or municipalities now in the field.

Now, a municipality may not supply electricity outside its own boundaries and so cannot produce on so large a scale as a private company which can cover half a dozen counties.

But is that a reason for making the private company a free gift of a valuable monopoly?

Not at all. The remedy is to give the municipalities power to combine and to supply electricity outside their own boundaries. If the County of London is a convenient area for electricity supply then one municipal authority should be established for that area. The London County Council could produce electricity as cheaply as any private company, and all the profits would go into the pockets of the citizens.

But it is, perhaps, true that municipalisation causes "stagnation" in one way. Stagnation in the dividend-hunting profession. But that is an argument for, not against it.

That Municipalisation Discourages Invention.

7. It is said that municipalisation will discourage invention.

Answer: The argument is merely an assertion, without an atom of proof to sustain it. Is invention encouraged by private enterprise and private monopoly?

On the contrary, the inventor is the most scurvily treated of all creators of wealth. Laws made by the capitalists and monopolists rob him of the fruits of his industry and cleverness after a short term of years, ostensibly for the public benefit, but really for the benefit of the capitalist and monopolist, and if he happen to be poor, the inventor's chances of reaping where he has sown are still more meagre. Not long since an engineer made some drawings of an invention of his own on his employers' paper, and the employers tried to obtain possession of the improvement by charging him at the police court with theft—of two sheets of notepaper. They actually claimed that by employing a man at wages they had a right to anything he invented!

Inventor Not Encouraged Now

How many poor inventors are robbed in this and similar ways?

Then as to the adoption of new inventions. Is it true that private enterprise stimulates the rapid introduction of new methods? On the contrary, private interests are the great obstacles in the way of the adoption of improvements.

What is the charge that figures most prominently in the "Wake up, England" indictment that has been brought against British traders during the last few years?

Is it not that they are slow to adopt improvements? Is not the dwindling of our foreign trade said to be due largely to the reluctance of British manufacturers to scrap their plant, to lay down new machinery, to adapt their goods to the requirements of their customers?

Only Under the Municipality Can Invention be Stimulated.

Now the municipality, or the nation, would not be deterred by the fears which prevent private enterprise and monopoly from adopting new inventions. It pays private traders to buy a new invention and destroy it, because its adoption, although it would be a benefit to the community, would reduce their profits. It pays private monopoly to restrict a service (like telephones), and to charge high prices, although the cheapening and popularity of telephones would be of enormous advantage to the whole people.

The municipality, on the other hand, could adopt all useful inventions at once, because as they would belong to the community, all the citizens would benefit equally. Thus, instead of discouraging, municipalisation would give a great stimulus to invention.

MUNICIPAL SOCIALISM AND CHARACTER.

Would Municipal Socialism Destroy Freedom and Independence?

THE provision of public services by the citizens for the citizens is Municipal Socialism.

Many opponents of Municipal Trading profess to be seriously concerned as to the bad effects an extension of the principle will have on the character of the free and independent Briton.

Some of them would go so far as to hand back many of the municipal services to private traders. If they had the power they would abolish the 1,000 municipal waterworks, the 260 municipal gasworks, the 334 municipal electricity works, the 162 municipal tramways, and allow private dividend hunters to supply these services.

John Smith of Oldham, they tell us, is (or was) a free and independent citizen. Under the beneficent system of Competition and Private Enterprise, John Smith, they say, has built up this mighty Empire. Our enormous wealth, our trade and commerce, and our free institutions are due to the fact that in the past every John Smith born in these fortunate islands had the opportunity of developing all his faculties.

Competition and Private Enterprise, we are told, make it possible for every child to become Prime Minister, if he has it in him. There is always room at the top. It is character that tells, and character, they say, is best developed in the free struggle for existence. In the battle of life, those who win the rewards are the men who possess, or who have acquired, those qualities without which a strong, an intellectual, and a happy Empire is impossible.

Our Glorious Empire due to Freedom, Independence, and Self-reliance.

"If you had your way," they complain, "you would destroy character, and consequently ruin the Empire. If you had your way you would let the municipality or the State do all those things which have hitherto been done by the private individual. This would make it unnecessary and impossible for the individual to use his faculty of initiative, he would become a cog in a machine, he would never need to think, his brain would become atrophied; having no responsibility, his moral nature would deteriorate, he would become a spiritless clod, and, instead of being free and independent and self-reliant, he would be a slave."

Are these statements true? Is it true that the mass of our people are free and independent? Is it true that they have complete control over their individual actions? Is it true that they are free to use their faculties in what direction they please? Is it true that they are able to initiate anything they desire? Is it true that they are entirely responsible for their lives?

Are the People Free?

Take John Smith of Oldham. Is he free? Let us see. Arrived at manhood's estate, what is his position? He has to work for a living. Can he

The Case of John Smith To-day.

work at what trade he likes? No, he cannot. He may be able to go to a cotton factory, or any trade he chooses, *if there is a demand for his labour.* Does this demand depend on the free exercise of his faculties? Not at all. It depends on the factory owner. John cannot live unless some one will hire him. Is some one compelled to hire him? No. Some one will hire him if he can get a profit out of John's labour. Not otherwise. So that John Smith is not free to live by his labour. He is a slave of the landlord and the employer. He is not free, he is not independent.

He is Not Free, nor Independent, nor Self-reliant.

Let us look at John Smith in work. Has he any control over the conditions of his employment?

Over his hours, his wages, his holidays, his surroundings? In some trades a little, in others none.

In some trades a little. How has he got that little? By curtailing the freedom and initiative of his employer. By the help of Factory Laws, every one of which takes away some of the freedom of the employer. In some trades the worker has no control whatever over his hours, his wages, his holidays, or his surroundings. So that in the latter there is no room for freedom and initiative at all.

John Smith's freedom, then, as a worker, is a very small affair. He has no control over the conduct of the business by which he gets his living, and most often the nature of his work is of such a kind that the free play of his initiative and inventive faculties is impossible. He is a mere machine.

His intelligence and his sense of responsibility are quite undeveloped.

Now, it is a commonplace that if you want to develop character there is no better way than by engendering a feeling of responsibility. Make a man feel that on his intelligence, his attention, his application, his industry, depend certain results, and you at once imbue him with a sense of self-respect, you create a feeling of responsibility which develops what initiative and invention there is in him.

Time he Was;

What was the great lesson taught by the Boer War? Was it not that more attention must be paid in future to the development of individual intelligence? That our system of burying the unit in the company was not altogether right? That every soldier ought to feel his personal responsibility, and be able to act on it?

But Impossible under Private Enterprise.

How much of this sense of responsibility have the people under our system of Private Enterprise and Competition? We have seen that in the matter of getting a living, John Smith has little scope for exercising this faculty. He is responsible for nothing but the doing of his own work, too often a mechanical operation that entirely deadens all feeling of interest.

Imagine a man whose life is spent in carrying bricks up a ladder. Has he a chance of developing character? So with millions of others.

The Competition and Private Enterprise champions are mistaken. They say: "You want the Municipality or the State to do everything for the workers."

No. We want the workers to do everything for *themselves*.

The fact is, it is the Competition and Private Enterprise champions who want to do everything for the workers. Or nearly everything.

Workers simply the Tools of the Landlords and Capitalists.

The landlords and employers not only control the conditions under which the mass of people get a living. They also largely control the activities of the people in their capacity as citizens.

Till recent years a working man was not free to serve on his local Council. It was illegal. And now that it is lawful, we find the champions of freedom and initiative doing all they can to prevent him from exercising his powers in that way. They say: "No, *we* can manage these things much better for you." Is not that strange conduct?

The champions of Freedom and Competition have kept the workers under in every way. They have undertaken to find them work if they can get a profit out of it. They have undertaken the government of the Empire. They have managed the municipalities.

And all this time John Smith's faculties of initiative and invention, his self-reliance, his intelligence, and his sense of responsibility have been rusting:

How to produce Free and Independent Britons.

We Socialists say this is not well. Like the champions of Freedom and Competition and Private Enterprise, we believe firmly in the building up of a nation of men of Character, we believe in Initiative, in Intelligence, in Independence, in Individuality, in Responsibility, in Self-Reliance, and Freedom.

And we say that the way to stimulate the activity of these faculties, the way to encourage the development of Self-Reliance and Responsibility, the way to breed men of Character, is not by closing up nearly all the avenues along which the people may exercise their energies, not by limiting their responsibility to a narrow sphere of monotonous and oft-times degrading labour, not by depriving them by plausibilities of their rights and duties as citizens, but by widening their opportunities of exercising their intelligence and thinking powers, by insisting on their responsibility as citizens, and by encouraging them to do for themselves what they have so long permitted the champions of Freedom and Competition to do for them.

Municipalisation the Way.

We say to John Smith, "Up, arise out of your long sleep, and use the faculties which God has given you. This long time you have been indeed a cog in a wheel, a half-dead piece of material, good for producing wealth for others to enjoy. But now, like 'Sentimental Tommy,' we have found a way. Here at your hand is a path, clear but narrow, hewn out of the solid rock of oppression and domination by the toil and sweat of many unhonoured pioneers of real freedom. Up, plant your feet therein, ere the fissure be closed by the watchful enemy. Crowd in by your thousands until the press shall have thrust back the threatening walls, and trampled them under your feet to make a wide plain whereon you will have room to breathe, and live, and straighten your bodies."

You are the Municipality. *All* the citizens

Not the Mayor, Aldermen, and Councillors only, but all the citizens.

It Creates Responsibility.

You have no "say" in the business by which you get a living, but here you can have a "say."

Are there any slums in your town? *You* are responsible.

Are there any insanitary houses in your town? *You* are responsible.

Are there any foul and unhealthy workshops, dairies, bakehouses, laundries, or slaughter-houses in your town? *You* are responsible.

Are there any factory chimneys belching forth black smoke in your town? *You* are responsible.

Are your streets badly paved, badly lighted, dirty, and ill-kept? *You* are responsible.

Are there any food and drink adulterators in your town? *You* are responsible.

Are there no free libraries in your town? It is *your* fault. Not Mr. Carnegie's.

Are there no parks or playgrounds in your town? It is *your* fault.

Have you no Municipal Band? It is your own fault.

Have you no Technical School? It is *your* fault.

Have you a Municipal Gasworks? It is *yours*. See that the gas is good and cheap.

Have you a Tramway System? See that it belongs to the Municipality, and that the fares are cheap and the wages high.

Does your Corporation employ labour? Yes? Does it pay trade union rates? Why not? It is *your* fault. *You* are a Sweater.

Have you a Town Hall? Why don't *you* use it? It is *yours*.

You are the Municipality.

Responsibility Breeds Character.

Here, then, are ways of creating a feeling of Responsibility in the people. It is because we Socialists believe that it is their duty to undertake these responsibilities, and because we believe they are capable of bearing these responsibilities, and because we believe that in doing so they will develop Character, that we advocate the extension of municipal trading.

A PRACTICAL PROGRAMME.

Municipal Socialism the Only Remedy.

THE reader is, by this time, I hope, fully convinced of the benefits of municipal trading, but if any doubts as to its advantages remain, I should recommend him to dispel them by reading "Britain for the British," by Robert Blatchford (cloth 2s. 6d., paper 3d.), and "To-Day's Work," by George Haw (cloth 2s. 6d.).

Certain it is that there is no remedy for the admitted evils of society that is not "Socialistic" in method. No remedy is proposed by our opponents. There is no other way but Socialism.

We hear a good deal nowadays about the physical deterioration of the masses. Scientists and medical men of great reputation have lately begun to echo the note of alarm which was sounded by the Socialists a quarter of a century ago. Something must be done.

Fiscal Quackery.

Something must be done. Yes. But *what* must be done? The people perish for lack of the common necessaries of life, food, fuel, and shelter, and fresh air, and the statesmen offer as a cure a Society for the Promotion of Gymnastic Exercises, or wrangle as to the best fiscal methods

of adding a penny farthing a week to the working-man's wages!

This is mere tinkering. It is worse than tinkering. It is quackery. It will not do.

The Socialist remedy on the contrary, is radical and easy to understand. We want to make our people a nation. A nation of healthy, happy-hearted men and women and children, and we believe it can be done.

Hitherto the British nation has not existed. There is no such thing. What does exist is a mob full of the dread of poverty, scrambling madly for the means of existence. For that scramble we would substitute an orderly organisation.

The Earth's Bounty Sufficient for All.

"This our earth this day produces sufficient for our existence," wrote Richard Jefferies. "This our earth produces not only a sufficiency, but a superabundance, and pours a cornucopia of good things down upon us. I verily believe that the Earth in one year produces enough food to last thirty." Why, then, have we not enough? Why do people die of starvation, or lead a miserable existence on the verge of it? Why have millions upon millions to toil from morning to evening just to gain a mere crust of bread? Because of the absolute lack of organisation, by which such labour should produce its effect, the absolute lack of distribution, the absolute lack even of the very idea that such things are possible.

Lack of organisation is private enterprise and competition. Organisation is municipalisation.

We have organised our street service, our water service, our gas service, our tram service, our

electricity service, our parks, playgrounds, and libraries. Why not food, fuel, and shelter? Why not a municipal minimum of pure food, decent dwellings, and sufficient coal for all willing to work? It can be done.

If Industry were Organised.

You, as a citizen and voter, have the power *now* to make such improvements in the conditions of our towns and villages that a generation hence their most secret places might be exhibited without shame.

Our municipalities are vested with wide powers. All that is lacking is the will to use them. If you want to abolish slums, to build decent homes, to eat pure food, to enjoy fresh air, sunshine, and music, to have economical and efficient services, you must do the work yourself. You must take an interest in these things. You must work for them and vote for them.

How to get Organisation.

If you want these things you must not allow men with axes to grind to represent you on the local councils. You must choose the right man, and see that he *does* represent you. To vote and go to sleep is no use. You must be vigilant *after* the election. Your motto must be *Nunquam dormio*. I never sleep.

Who is the right man?

The Right Man to Vote and Work for.

The right man is not a slum owner, nor a jerry-builder, nor a sweater, nor a swindling contractor, nor a tramway or gas or electricity company promoter. The right man is not a member of the Industrial Freedom League. The right man does not go into the council to puff himself up with

pride or to "make a bit," but to further the welfare of all the citizens. The right man puts the people before private profit. The right man has an ideal, and will work faithfully and steadily to accomplish his aims.

The right man will put in the forefront of his programme the provision of work for the Unemployed. Man cannot live without work (unless he beg or steal). Private enterprise has failed to organise the work of the country. The municipalities must provide honourable work for every willing man or woman, and pay them a living wage. Until that is done, until every worker has the right to live, it is hypocrisy to describe the people as "a nation."

The Unemployed.

Mind, it will not be enough to provide temporary employment at useless work in bad times, and to pay meanly for it. That is no solution of the unemployed problem.

No. The municipalities must have powers to provide useful permanent work for adequate wages. Instead of the workers running after private employers, we want to have private employers begging the workers to leave their municipal work.

The Unemployed Act is a poor thing, a very poor thing, but it is a beginning. It enables the Councils to provide farm colonies for the unemployed, but does not allow them to pay wages out of the rates. Matters cannot be left thus. Something more must be done. *You* can help, by voting for the right man.

The Housing Problem.

The right man will give the Housing Question a good deal of attention. Every municipality has the power to build houses, and every municipality has the power to prevent the erection of insanitary dwellings. Build plenty of decent homes, and the jerry-builder and slum-owner will die of neglect.

Health.

The right man will insist that the Council carries out the provisions of the various Public Health Acts. Insanitary streets, houses, and workshops should be impossible. Adulteration of food and drink should be sternly repressed.

The right man will agitate for an adequate provision of baths and washhouses, of parks, playgrounds, and gymnasia, of libraries, art galleries, and museums.

Municipality—the Model Employer.

The right man will try to make the municipality the model employer. The municipal manual worker should be treated as fairly and considerately as the municipal brain worker.

The right man will vote for the direct employment of labour by the Council on all municipal works. Contractors mean waste of public money and often scamped work. If they are employed, the Council should insist on a fair wages clause being inserted in all contracts.

The right man will not be afraid of raising the rates. He knows that rates can be reduced.

The profits on municipal trams, gas works, markets, and electricity will go far to pay the cost of the out-of-pocket services.

Education.

The right man will see that the Education Acts are administered in the interests of the children

and not of a sect. He will be in favour of providing free meals for the needy.

The right man will work for the institution of municipal Savings Banks, municipal Fire Insurance, municipal Milk Depôts, municipal Coal Supplies, municipal Drink, municipal Farms, municipal Bread, and municipal Hospitals.

The Municipal Minimums.

In short, the immediate object of the right man should be to municipalise all those services which are necessary to a healthy life. Food, fuel, clothing, shelter, —these are required by all, and no man should have the right to deny them to any worker.

Much may be done to-day. How much, depends entirely on the citizens. If all that can be done to-day were done, much more could be done to-morrow. What the Socialistic spirit has already done these pages in part tell. That little is still enough to prove how effective an instrument for the elevation of the masses municipalisation is. We must not stop at municipal trams. We must not stop at municipal gas. We must not stop at municipal electricity. These are only stepping stones. Not until we can say that poverty, and disease, and unemployment are abolished out of the land shall we have the right to discuss the limits of municipal trading.

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